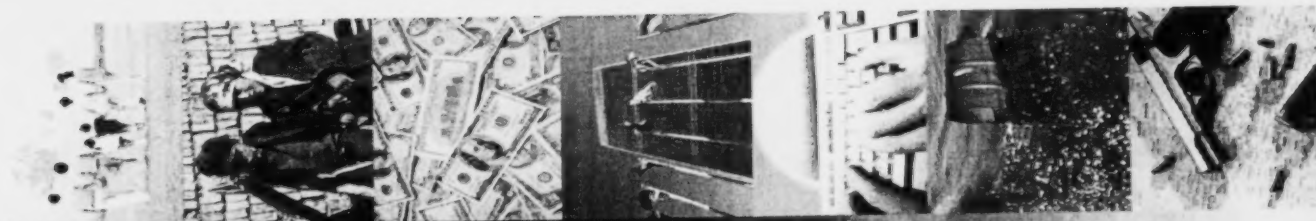


RCMP-CRC

ROYAL CANADIAN MOUNTED POLICE • GENDARMERIE ROYALE DU CANADA

2003

RCMP ENVIRONMENTAL SCAN



Foreword

This is the 2003 version of the RCMP Environmental Scan. As per scans of the previous three years, we are focusing our "sensing" compass on seven key headings, and offer a comprehensive overview of the macro-level trends - both international and domestic - shaping our environment.

We have attempted to highlight new trends, as well as update themes reported in past editions. We have drawn from a wide range of sources including: print media; international organizations such as the OECD, WHO, UN, World Bank, etc.; think tanks in Canada and abroad; law enforcement agencies around the world; conferences; government publications and Web sites; radio and television documentaries; and input from RCMP business lines and Divisions.

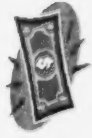
While we try not to report the news, events of magnitude are increasingly reshaping both the global governance structure and the security environment of the world. The forces of the past year, particularly the war in Iraq, have had significant implications for the research in this document. With some distance from the events of September 11, we can see with greater clarity how they continue to affect and mold the future.

The scan is provided in deck format for easy reading - with graphics as appropriate, quotes or statistics (white and yellow boxes) and the occasional trend implication highlighted (blue boxes) to promote further discussion.

Giuliano Zaccardelli
Commissioner

RCMP ★

Table of Contents

	PAGE		PAGE
Demographics		Environment	
 Global	2	 Global	91
 Canada	8	 Canada	98
Society		Policing & Security	
 Global	14	 Global	103
 Canada	23	 Canada	126
Economy		Appendices	
 Global	32	 A – Legislation Overview	139
 Canada	39	B – Acronyms	142
Politics & Governance			
 Global	47		
 Canada	64		
Science & Technology			
 Global	79		
 Canada	86		

Acknowledgements

We would like to express our sincere appreciation and gratitude for the contributions of the following groups and organizations to this Environmental Scan. We are indebted to them for their ongoing support to our scanning process.

- Interdepartmental Scanning Community of Practice (with representation from the following federal departments):

- | | |
|-------------------------------|--|
| - Canadian Heritage | - Indian and Northern Affairs |
| - Citizenship and Immigration | - Natural Resources |
| - Communication Canada | - Policy Research Initiative |
| - Correctional Services | - Privy Council Office |
| - Health | - Public Service Commission |
| - Human Resources Development | - Public Works and Government Services |
| - Justice | - Solicitor General |

- United Way of Canada
- Tier II Policy Working Group (RCMP)
- Tier II Research Working Group (RCMP)
- Tier II Planning and Performance Management Working Group (RCMP) and the broader RCMP Planning community

We continue to welcome and encourage all input and feedback - a tear-out form is provide on the next page.

Demographics

Summary

As we venture further into the twenty-first century, the world's population has faced tumultuous changes which have led to shifts in urbanization and demographic trends. These shifts are at the forefront of the transitional path which will lead to a radical rethinking of the distribution of the world's economic, technological and environmental resources.



104-05716/

In this section

- narrowing gap in life expectancies between countries in next 50 years - major differences in survival outlook to persist
- devastating effects of disease on developing world's population
- aging trend continues for Canada's population
- Canada's fertility rates drops for 10th straight year, reflecting a worldwide trend
- immigration levels in Canada expected to rise - bringing both challenges and opportunities
- Census 2001 underscores change and diversity of Canada's population

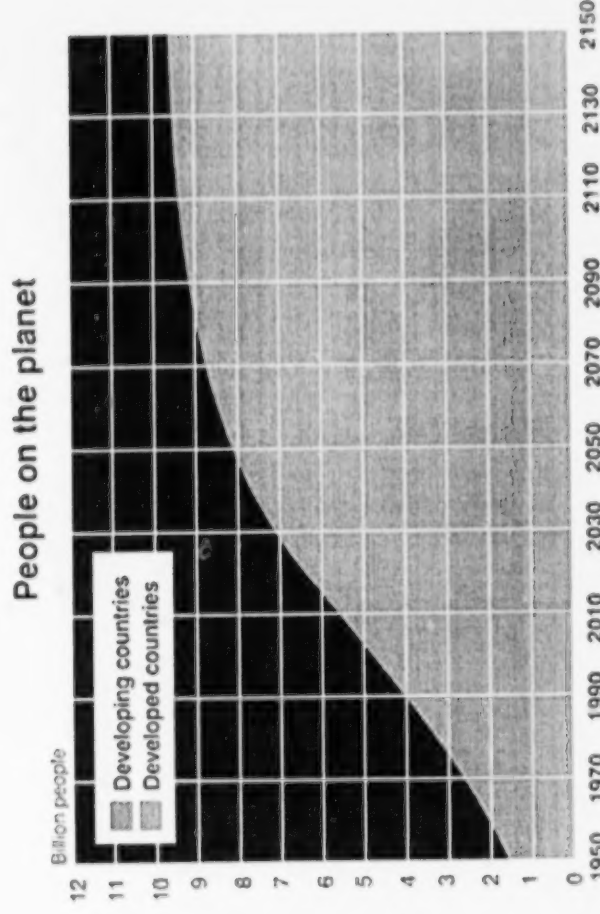
Demographics – Global



- **net global population growth projected to continue into next century**
 - UN projects global population, currently at 6B, will peak at 10B in the next century and then stabilize or even decline
 - world population currently growing by about 1.2% annually, or 77M people - half of this growth attributed to six nations:

- India - 21%
- China - 12%
- Pakistan - 5%
- Bangladesh, Nigeria and US - 4% each

- improved health, higher resistance and immunity to disease and new medical techniques, contributing to increased global life expectancy and overall global population growth
- population contraction in some areas due to trends in AIDS, Malaria, declining fertility rates, access to birth control and abortion



Source: NewScientist.com May 2003

Demographics – Global ...



- **considerable reshaping of global demographic landscape by 2050, characterized by:**

- negative growth in Europe and Russia - regions that dominated 20th century history
- greatest growth concentrated in developing regions - including some of the world's poorest and most politically unstable countries
- increasingly older population - by 2050 the global 65+ cohort will triple in size to approximately 1.5B, or 16% of the world's population
- far less Caucasian - the world will gain 1.5B people by 2020 - the majority will be in Asian and African states
- far more urban concentration - majority of global population to be living in cities by 2015 for first time in human history

Projected world population composition for 2020:

- 56% Asia - including 19% Chinese and 17% Indian
- 16% Africa - including 13% from Sub-Saharan Africa
- 13% Western hemisphere - including 4% from US
- 7% Eastern Europe and the former Soviet Union
- 5% Western Europe
- 3% Middle East

Long Term Global Demographic Trends: Reshaping the Geopolitical Landscape

CIA, July 2001

➤ **demographic change will create incentives/for new alliances/networks and foreign policy priorities in many of the world's most influential governments**



• growth in the global senior population through to 2050

- close to 10 million people turn 65 each year
- persons aged 60+ will comprise 32% of global population (currently 19%) by 2050
 - majority residing in developing countries

• aging in industrialized world to exert economic pressures

- Europe and Japan expected to face most immediate population impacts of aging
 - OECD projects public pensions and health care to grow by 9-16% of GDP over the next three decades
- ratio of taxpayers to nonworking pensioners in developed world will fall from 4:1 in most region to lower than 2:1 by 2050
- impact of aging on GDP growth rates from 2025-2050 :
 - Europe - decrease to 0.5%
 - Japan - decrease to 0.6%
 - US - decrease to 1.5%
- Russia's 2002 census - first in 13 years - reveals 1.3% population decline - expected to continue

Fastest Aging Populations
(Percentage of Population 65-years Or Older)

	2000	2010*	2020*
US	12.5%	13.2%	16.6%
Japan	17.1	21.5	26.2
Germany	16.4	19.8	21.6
Italy	18.2	20.8	24.1
Britain	16.0	17.1	19.8

*Projected

OECD

➤ **changing taxpayer - ratios of pensioner - urging governments to rethink immigration and retirement policies to mitigate productivity downturns and inflation**



- in 20 years, AIDS has become the fourth largest killer world-wide
- 83% of AIDS related deaths worldwide have occurred in Africa

- large percentage of children born infected by the HIV virus, dying before the age of 5
- impact of AIDS is far-reaching - principle breadwinners dying and leaving children to run households

Adults and children estimated to be living with HIV/AIDS as of end 2001

North America	940 000	Western Europe & Middle East	560 000	Eastern Europe & Central Asia	1 million	East Asia & Pacific	1 million
Caribbean	420 000	North Africa & Middle East	440 000	South & South-East Asia	6.1 million		
Latin America	1.4 million	Sub-Saharan Africa	28.1 million	Australia & New Zealand	16 000		

Source: UNAIDS, World Health Organization, December 2001

Demographic trends with potential to exert social stress:

- widening youth bulge in developed world - in areas also experiencing low job creation rates
- population growth positioned to increase
 - environmental degradation
 - scarce resource competition - disease vulnerability
 - support for extremist political and religious movements
- rural-to-urban movement - legal and illegal movement across national boundaries

Long Term Global Demographic Trends: Reshaping the Geopolitical Landscape, CIA, July 2001

Demographics – Global ...



- **fertility rates decreasing in many countries**

- EU leads the way in countries with lowest birth rates - by 2050 Europe's population is expected to decrease from 728 million to 658 million
- countries with the lowest total fertility rate - average number of children per woman at the end of individual reproductive period - include Spain (1.15), Latvia (1.16), Czech Republic (1.18), Bulgaria (1.24), and Italy (1.24)
- decrease in fertility rates in certain regions linked to:

- more readily available contraceptives and family planning programs
- gains in education
- access to abortion clinics
- lower infant mortality rates

- **exception observed in Gaza**

- where fertility rate of Palestinians has increased to 8.8% in recent years - value large families - an expression of patriotism

Family Planning Association of Kenya - 2003 winner of the UN Population Award - a pioneer for provision of sexual and reproductive health services within the context of reproductive rights and the empowerment of young people, including:

- eradication of female genital mutilation practices
- extension of Kenya's family planning programs to community level
- among first to experiment with local distribution of contraceptives
- extending sexual and reproductive health services to unmarried adolescents, in addition to married couples
- targeting males in family planning initiatives

➤ **to counteract fertility decline, some countries offering incentives to encourage couples to have more children - Russian government offering housing subsidies, decreased taxes and increased monthly stipends**



- **demographic change in America - decision makers revisiting integration and inclusion policies in some regions**

- relevance of affirmative action policies aimed at integration of Mexican-Americans into the mainstream now debated in some US cities, where they make up the majority population
- rate which African Americans enter into mixed marriages expected to climb dramatically in this century - by 2100 37% will claim mixed ancestry
- US intermarriage rates highest in the states that serve as immigration gateways - in 1990s Los Angeles County had an intermarriage rate five times the national average

Unlike the advances of the civil-rights movement, the future of racial identity in America is unlikely to be determined by the politics or the courts or public policy.

Indeed, at this point perhaps the best thing the government can do is acknowledge changes in the meaning of race in America and then get out of the way.

~ Gregory Rodriguez, *Atlantic Monthly*, January/February 2003

Demographics – Canada



- **Canada's aging population expanding and evolving**
 - as baby boomers approach retirement and life expectancy continues to increase, Canada is in the midst of a demographic revolution
 - by 2011 - Canadian seniors will account for 1 in 7 citizens - increase due to improved health care contributing to greater longevity
 - by 2025 - Canadian seniors greatly outnumber the country's youth
 - from 1996 to 2001, Canada's median age (37.6) increased by 2.3 years - the most marked census-to-census increase in a century - expected to increase to 41 by 2011
 - median ages for Alberta, Saskatchewan, Nunavut and the North West Territories are the lowest - trend due in part to the high fertility rates of Aboriginal populations in those regions
 - in 2011, an estimated 1.3M Canadians will be over the age of 80 - Statistics Canada to include new sub-groupings (80-84) (85-89) (+90) in the next Census
- **Canada's seniors increasingly healthy, robust and independent**
 - only 5% of Canada's over 65 are in long-term care facilities
 - increasing proportion living alone
 - 35% of women and 16% of men over the age of 65 live alone
 - most prevalent in Quebec and Western Canada

➤ as Canada's senior population grows and as an increasing number of those seniors live alone, demand for and nature of some public services - like policing - are likely to change



- **Canadian household size shrinking**

- average number of people residing in households in 2001 was 2.6 - down from 2.9 in 1981 and 4 in 1951
- number of one-person households outnumbered households of four people or more
 - attributed to lower fertility rates, increase in childless couples, marriage break-ups, and increasing number of seniors living alone
- according to the 2001 Census, fertility rates are at their lowest since 1946
 - decrease in the number of births among women under the age of 35 in every province except NWT
 - BC (9.9% decrease) and PEI (4.9% decrease) lead the way
 - NWT had a 2.1% increase

- **composition of Canadian families increasingly diverse**

- moving away from traditional compositions
- proportion of married families declines - from 83% in 1981 to 71% in 2001
- proportion of common law families is growing - from 6% in 1981 to 14% in 2001
- proportion of married and common law couples without children under the age of 25 declining - from 55% of all couples in 1981 to 44% in 2001

- **more young adults are living at home**

- proportion of couples with children under 25 at home rising - from 34% in 1981 to 41% in 2001 - same for lone parents - 11% in 1981 to 16% in 2001
- attributed to decline in marriages, uncertain job market, higher costs of education and a perceptual shift in attitudes about living at home

Demographics – Canada ...



• urbanization continues to exert pressure on Canadian cities

- 80% live in a community of 10,000 or more
- 64% live in 27 Census Metropolitan Areas
- 51% live in 4 city-regions

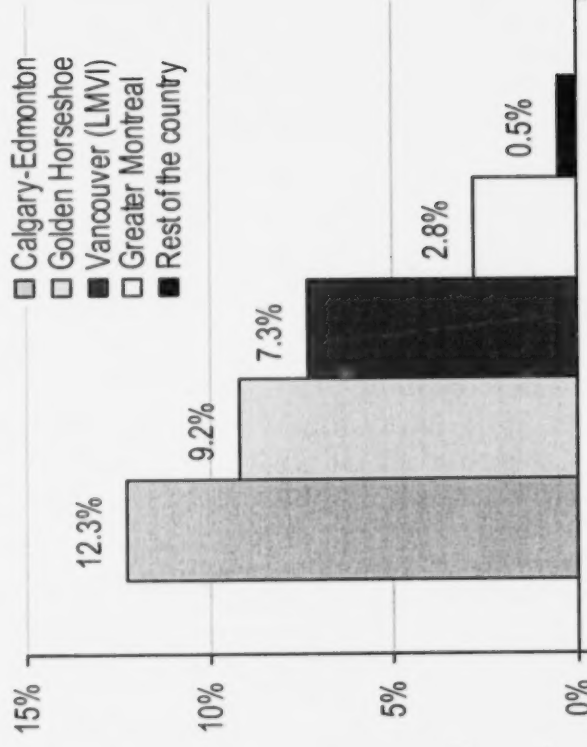
- Vancouver
- Calgary-Edmonton
- Greater Toronto
- Montreal

– cities challenged to keep pace with influx of people - economic, societal and environmental repercussions

- more people living in poverty
- vast majority of new immigrants settling in Montreal, Toronto and Vancouver
- increasing pressure for social integration, foreign credential recognition, second language skills, and economic development mechanisms
- increased sprawl and hollowing-out of urban core - transportation, infrastructure and air quality implications

– rural communities seeking innovative strategies to entice people back - particularly medical professionals, notable shortages

From 1996-2001, population growth was concentrated in four urban regions



Demographic growth from 1996-2001

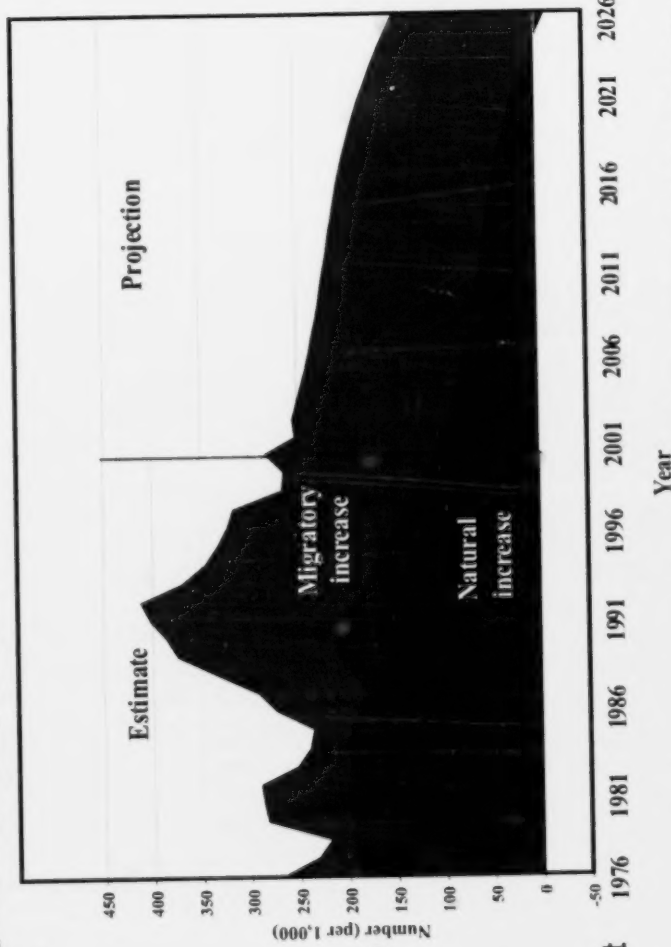
Source: PCO Working Group on Canada's Urban Communities
March 2003

Demographics – Canada ...



• immigration increasingly important component of population growth - principle driver of growth in largest metropolitan areas

- population in 2002 was nearly static - 1% increase - largely attributed to increased immigration and refugee claimants
 - Canada receives approximately 200,000 to 225,000 immigrants annually
- Canada to raise immigration levels to 300,000
 - exerting pressure to maximize social/ economic integration opportunities/ outcomes for new Canadians
- by 2010 that immigration will account for 2/3 of population growth



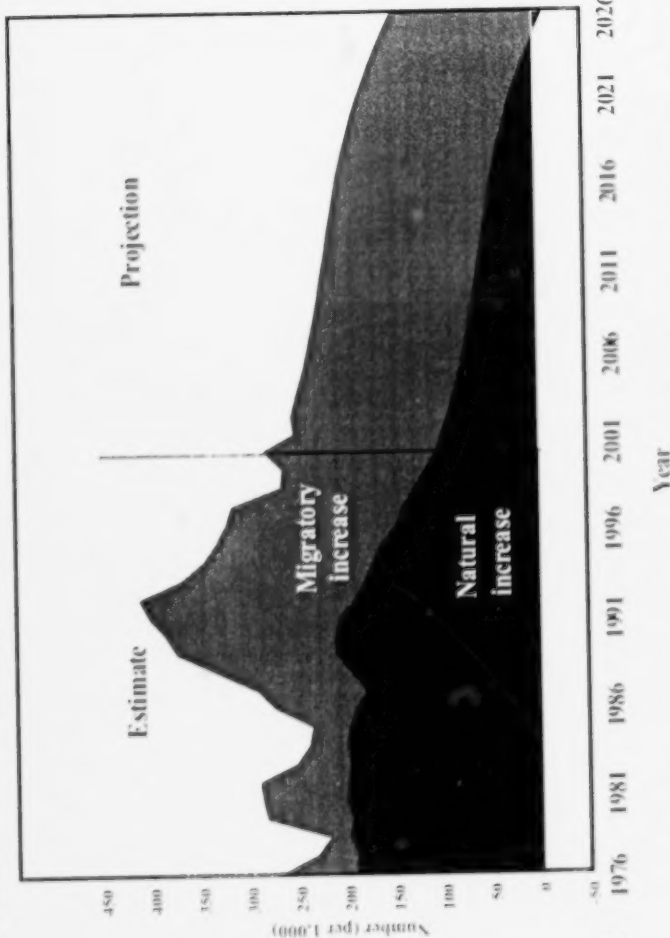
Source: Statistics Canada, Based on Catalogue Nos. 91-213 and 91-520

- robust immigration to urban centres will exacerbate need for social infrastructure for socio-economic integration and quality of life
- increasing population diversity challenges community policing model



immigration increasingly important component of population growth - principle driver of growth in largest metropolitan areas

- population in 2002 was nearly static - 1% increase - largely attributed to increased immigration and refugee claimants
 - Canada receives approximately 200,000 to 225,000 immigrants annually
- Canada to raise immigration levels to 300,000
 - exerting pressure to maximize social/economic integration opportunities/outcomes for new Canadians
- by 2010 that immigration will account for 2/3 of population growth



Source: Statistics Canada, Based on Catalogue Nos. 91-213 and 91-520

- robust immigration to urban centres will exacerbate need for social infrastructure for socio-economic integration and quality of life
- increasing population diversity challenges community policing model

Demographics – Canada ...



• Census 2001 underscores increasingly diverse population

- 1 in 5 people born outside the country - highest level since 1931
 - Canada (18.4%) second only to Australia (22%) in terms of foreign born population
- while total population increased by 4% between 1996 and 2001, the visible minority population rose by 25% to 13% of total
 - by 2016 - visible minorities will account for 20% of total
- significant growth in multicultural population in National Capital Region - 1991, 1 in 10 indicating they belong to a visible minority - in 2001, 1 in 7
- Aboriginal peoples continue to comprise a growing proportion of Canada's population - increasingly living in urban areas
 - 1.3M have Aboriginal ancestry in 2001
 - 49% of those lived in urban areas - up from 47% in 1996
 - proportion living on reserves and settlements declined slightly - 31% from 33% in 1996
 - shift to cities largely due to mobility of young Aboriginals

In the 1991 Census, close to one million Canadians handwrote the word "Canadian" as a response to the ethnicity question.

The word Canadian was added to the list of possible responses for the 1996 Census - 8 million chose Canadian alone or together with another ethnic source. Ottawa Citizen, January 2003

➤ **evolving notions of culture, identity and ethnicity will necessitate attention of decision-makers and demographers alike - ensure the development of responsive initiatives and accurate research tools**

Society

Summary

Glaring disparities persist on the planet as we press ahead into the 21st century - access to basic essentials, how human life is valued and nurtured, etc

At the same time, enormous change continues to unfold - practices of religion and spirituality, attitudes about global governance trends, and fierce debate about democracy and freedom - with profound potential for both harm and good.



In this section

- key national crises persist based on lack of access to basic necessities
- growing concern about spread of and resistance to infectious diseases
- implications of explosive growth in Christianity underway in southern hemisphere - positioned as potential catalyst for future global struggle
- governments, both Canadian and internationally, increasingly challenged to reconcile the diverse values and expectations of educated and engaged public
- Canadian educational institutions challenged to keep pace with a youth cohort increasingly taking up post-secondary opportunities

Society - Global



- **persistent lack of access to bare necessities - among greatest crises in world**

- UN World Food Program provides food to 80M people in 82 countries annually
- 1.1B people worldwide lack access to safe water
- 3.4M die annually from water-related diseases
- 2.4B people lack access to basic sanitation
- 1.6B people - close to one quarter of the world's population - lack access to electricity - majority in rural South Africa and South Asia
- despite recent injections to food aid program, UN very concerned about capacity to meet 2003 targets - feeding 6.4M people in need in North Korea alone

- **sustainable development - strides made but considerable challenges**

- in last decade South Africa expanded clean water access from 68% - 83% of population
 - controversial metering approach - charging for water use over and above basic need level - funding infrastructure and managing consumption
- ambitious Euphrates irrigation initiative met with some success - competing objectives of Turkey, Syria and Iraq threaten progress

➤ **millions of people die every year from persistent lack of access to adequate nutrition and health care**

- survivors are profoundly limited in capacity to support their families or contribute to the local economy - perpetuating impoverishment

Society – Global ...



- **HIV/AIDS devastates global populations at increasing rates**
 - HIV/AIDS epidemic rapidly becoming worst infectious disease catastrophe in recorded history
 - surpassing bubonic plague and influenza epidemics
 - sub-Saharan Africa remains the most widely reported affected regions
 - serious infection trends are emerging in other areas
 - Russia and Ukraine experienced fastest growing HIV/AIDS epidemics in 2002
 - China and India statistics suggest those countries to experience significant future waves of infection
- **global fight against HIV/AIDS - influenced by array of interests and values**
 - private sector - growing awareness of costs of doing business in regions affected by HIV/AIDS
 - mobilizing investment in prevention and treatment
 - Bush administration - 2003 \$10B in new money devoted to address HIV/AIDS in Africa and Caribbean - marks major shift in commitment
 - growing shortage in distribution of condoms where HIV/AIDS is most pervasive - due to costs, logistical challenges and conservative attitudes about sex
 - 950 million condoms distributed in 2001 met only 1/8th of need

- **dramatically declining annual treatment costs - \$12,000 USD/person in 1998 to \$500 in 2002 - critical to fight against HIV/AIDS**
- **access to treatment persist issue**
 - in low and middle income countries, at end of 2001, fewer than 4% of people needing antiretroviral treatment were receiving it

Society – Global ...



- **poor health habits - growing prevalence, particularly in the West, contribute significantly to increasing disease**
 - global cancer rates threaten to be 50% by 2020 - one third preventable through reduction of tobacco consumption, healthy lifestyle changes, and early screening
 - nearly 65% of adults in US are overweight or obese - at current rate, entire population could be overweight by 2030 - strong links to risk of heart disease and diabetes
 - global incidence of diabetes increased five-fold - from an estimated 30M cases since 1985, to 150M in 2000 - growth expected to continue
- **increasing resistance of certain diseases to drug treatment**
 - alarming growth of resistance to antimicrobial drugs observed - widely attributed to inappropriate use - 400,000 new cases of multi drug-resistant TB annually
 - microbes alarming resistance to available drugs - potential to cause untreatable infections and raising specter of a "post-antibiotic era"
 - some infections may have no effective therapies
 - future viability of critical medical procedures threatened - chemotherapy, bone marrow and organ transplantation - fear of associated compromise of immune function
 - widening implications of infectious disease resistance - already crippling poor regions

As the world's population is now three times greater than in 1918 and antimicrobial resistance is widespread, the impact of a future pandemic could be unprecedented.

Global Defence Against the Infectious Disease Threat, Progress Report 2002, WHO



• life threatening phenomena - dramatic disparities persist in developing versus developed countries

- majority of deaths among children and young adults (ages 0-44) in Africa and Southeast Asia due to 7 key health conditions,
- highly linked to access to nutrition, basic amenities and education
- civil unrest violence rivals disease in some regions - in terms of potential for human harm
- in the West major causes of death linked to over-consumption of unhealthy foods, tobacco, alcohol, and lack of exercise



Source: World Health Organization

Matters of Scale

In the US	In other countries
• killed by cigarette smoking, on average/yr - 430,700 • killed by obesity, on average/yr - 300,000	• Sudan: killed in the ongoing civil war - 2,000,000 • Cambodia: killed by the Khmer Rouge massacre in 1975-78 - 1,700,000

Source: World Watch Magazine, Nov/Dec 2002

Society – Global ...



- **social values challenging emerging global governance models - Iraq could be a flashpoint**

- world citizens hold high degree of confidence in the UN - 2000 World Values Survey
- G8 public opinion divided on Iraq:
 - Canadians - majority support decision not to participate
 - Americans - strong approval for President Bush on coalition efforts
 - Britain - public deeply divided over Blair's actions
 - France - vast majority disapprove of coalition activities
 - Australia - divided on military's involvement
- global anti-Iraq war protests signal strong public sentiment on UN and coalition approach
 - some cities experienced unprecedented numbers of protestors
 - demographics atypical - signaling a wider sentiment than strictly anti-globalization
- eroding public perception of US among key OECD nations exacerbated by action in Iraq - yet many support removal of Hussein
 - public opinion in Britain, France, Germany, Italy, Spain, Poland and Turkey suggest citizens hold a negative view of the US - particularly post-Iraq invasion
 - vast majorities in many such regions agree Iraqi people will be better off post-Hussein

➤ **global governance forces at odds with public values - could increase tensions, uprisings - reinforces critical need for strong communication lines between citizens and the public sector - including the police**

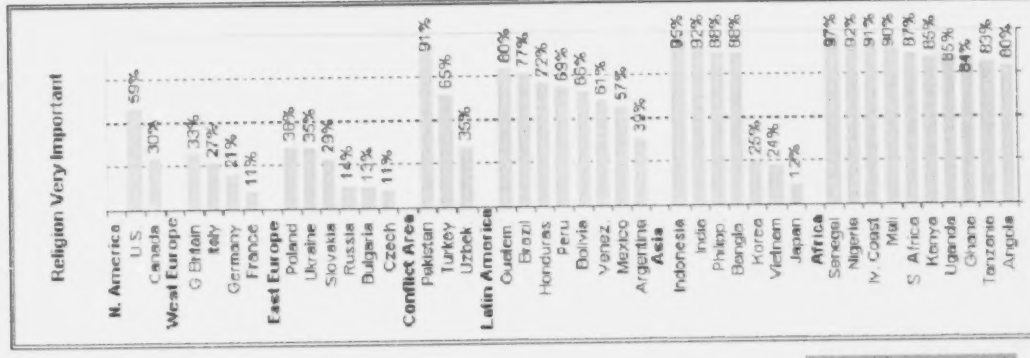
Society – Global ...

• Christian and Islamic faiths - explosive growth may be central to future global power struggle

- centres of gravity of Christian and Islamic faiths evolving
 - Christianity - shifted from Europe and US to Africa, Asia and Latin America
 - Islam - not in Arab homelands as commonly believed - in such places as Delhi, Jakarta and Detroit
- tremendous diversity and range of beliefs
 - North American Christianity debate liberalizing aspects of some faiths - followers in southern hemisphere tend to be rigidly traditional
 - Indonesia's 200M Muslims alone exhibit tremendous diversity in adapting Islam to their respective cultures
- major religious conflict between two faiths could emerge from mutual conversion efforts in similar regions of the world - both faiths could experience explosive growth into next century
- Pew research study suggests income a strong predictor of prominence of religion in the lives of citizens around the world

....when American Catholics... talk about the necessity and the inevitability of reforms (reforms that Southern Catholics would most likely not condone) they do so without fully realizing that their views on the subject are becoming increasingly irrelevant, because the demographic future of their Church lies elsewhere.

– Philip Jenkins, *The Next Christianity*, excerpt from *Atlantic Unbound*, September 2002



Source: Pew Global Attitudes Project, Pew Research Center for the People and the Press, December 2002



- **global security measures and impact on privacy and freedoms of citizens closely monitored and fiercely debated**

- post 9/11 trend toward minimized public consultations on emerging security measures
- widening police powers of search and seizure and reduced requirement for authorization to intercept communications persists - potential threats to civil liberties

- US - proposed Total Information Awareness System will collect vast amounts of worldwide personal information - raising concerns about privacy and potential misuse

- Britain - renowned as a world leader in video surveillance - 1.5M cameras monitoring public spaces and unmatched growth in other surveillance modes - criticized for "anti-privacy pathology"

- Japan - introduction of computerized ID system (2002) met with considerable resistance -citizens find initiative offensive and have little trust in the state to protect information

- Spain - proposed "defeatism" law seeks to criminalize activities of citizens openly discrediting Spain's participation in international conflict - carrying sentences of 1-6 years in prison

- Russia - new law on extremism (2002) - hurriedly developed after string of violent and anti-Semitic incidents - criticized for vague language that could stifle citizens' right to protest

Surveillance a regular and long standing practice in some workplaces - US survey of 500 executives

Identified three most common ways staff are checked up on:

- **monitor Internet use - 21%**
- **review e-mail - 16%**
- **monitor telephone conversations - 13%**

Sales & Marketing Management, 2002

Society – Global ...



- **increasing global access to information - pressure from civil society, media and international lenders**
 - 50 countries around the world have adopted comprehensive Freedom of Information Acts - many just in the last 10 years
 - important challenges persist - weak laws, poor implementation or misuse - enables withholding information under the guise of national security

... when everything is classified, then nothing is classified, and the system becomes one to be disregarded by the cynical or the careless, and to be manipulated by those intent on self-protection or self-promotion. I should suppose, in short, that the hallmark of a truly effective internal security system would be the maximum possible disclosure, recognizing that secrecy can best be preserved only when credibility is truly maintained.

~ Supreme Court Justice Potter Stewart, the Pentagon Papers Case, 1971

- **Iraq underscored role of global media and influence on public opinion**
 - exponential communications technology advancements - enabled unprecedented public exposure to front lines
 - over 600 journalists permitted “embedded access” to Iraq - many analysts question the objectivity of media reporting in this context and its impact on global public opinion

Society – Global ...



- **direction of immigration policies - global security pressures, changing demographics, and shifting attitudes contributing to uncertainty**
 - EU - Italy, France, Netherlands - rising influence of right-wing parties pressuring governments to stem flow of illegal migrants
 - EU - calls for policy harmonization to prevent fragmentation - approach characterized by some stringent proposals - raise concerns about potential downstream social impacts:
 - Denmark - proposes 7 year delay for migrants' access to state welfare
 - Italy - age restrictions on family unification
- **in the United States - some security measures targeting foreign born students - may negatively affect future research capacity**
 - Homeland Security's Student and Exchange Visitor Information System (SEVIS) - contains personal information on foreign students from 4500 colleges and 1400 student exchange programs
 - academics fear misuse of SEVIS information
 - could deter some of world's best and brightest from pursuing research in the US - impacting US R&D edge - particularly key areas like science, engineering and medical research

...if our security issues create a conflict with our ability to recruit international students - who, by the way, will have a lot of other places to go, there's Europe and Australia - if we eliminate our access to the best minds in the world because of our security concerns, then I think we have, in fact, a huge problem.

~ C.D. Mote Jr., President, University of Maryland



- **Canadians - measured attitudes on security-privacy balance**
 - accept degree of privacy infringement for security - despite low perceived levels of domestic risk
 - but health care and education remain top policy priorities despite elevated attention to national defense and public security
 - majority support for Canada's position on Iraq
 - attitudes about immigration policy relatively stable after some fluctuation

Canadians low perceptions of risk of terrorism

- relatively confident of low terrorist risk in the near term
 - 62% - “not very likely”
 - 7% - “very likely”

Majority express support for federal direction

- some slippage in public support in period directly preceding war in Iraq
- since March held at a majority - 53% indicating “the right direction”

EKOS Research, Public Security Monitor III, April 2003

- **prominent proposals challenged - balance security, civil rights & values**
 - regionalizing immigration - federal proposals met with mixed reactions
 - proponents agree that persistent concentration of newcomers in large urban centres is exceeding city capacities to receive and settle those people and that strategies to attract immigrants to depopulating rural regions and “second tier” cities are wise
 - opponents urge governments to look at enhancing both urban *and* rural capacities to attract and settle newcomers and raise criticisms about Constitutionality of “directing” immigrants
 - marijuana as a criminal offence - mixed feelings on the notion
 - 44% agree smoking marijuana should not be a criminal offence - 40% disagree and 15% unsure
 - support for decriminalization strengthens to 62% - with caveat “for certain health-related purposes”



• **Canadians - measured attitudes on security-privacy balance**

- accept *degree* of privacy infringement for security - despite low perceived levels of domestic risk
- but health care and education remain top policy priorities despite elevated attention to national defense and public security
- majority support for Canada's position on Iraq
- attitudes about immigration policy relatively stable after some fluctuation

Canadians low perceptions of risk of terrorism

- relatively confident of low terrorist risk in the near term
 - 62% - “not very likely”
 - 7% - “very likely”

Majority express support for federal direction

- some slippage in public support in period directly preceding war in Iraq
- since March held at a majority - 53% indicating “the right direction”

EKOS Research, Public Security Monitor III, April 2003

• **prominent proposals challenged - balance security, civil rights & values**

- regionalizing immigration - federal proposals met with mixed reactions
 - proponents agree that persistent concentration of newcomers in large urban centres is exceeding city capacities to receive and settle those people and that strategies to attract immigrants to depopulating rural regions and “second tier” cities are wise
 - opponents urge governments to look at enhancing both urban *and* rural capacities to attract and settle newcomers and raise criticisms about Constitutionality of “directing” immigrants
- marijuana as a criminal offence - mixed feelings on the notion
 - 44% agree smoking marijuana should not be a criminal offence - 40% disagree and 15% unsure
 - support for decriminalization strengthens to 62% - with caveat “for certain health-related purposes”

Society – Canada ...



- **trends in inequality reinforces by Conference Board**
 - social and economic gains not equal across regions and populations
 - traditional income and employment gaps persist - between Ontario and Alberta versus Newfoundland and Labrador
 - status of Aborigines closer to those of a poor country on many indicators
 - homelessness and poverty vary significantly across the country
 - weaker performance in areas of innovation, environment and society among top 12 OECD countries
- **“Canadian Way” to undergo makeover by 2010**
 - Canada’s policy framework to experience change in light of key trends, including:
 - increased demand for greater accountability and performance from governments and corporations
 - shift towards post-materialist values that place greater emphasis on freedom, self-esteem, and quality of life
 - demographics - the ageing population
 - increased economic integration in North American
 - major technological developments

We expect Canadians’ values to evolve towards “post-materialism” that emphasizes freedom, self-reliance, and quality of life. Linked with ongoing decline in trust in public and private institutions, this value shift will drive demands for greater accountability and performance from government and corporations and reduced support for universal social programs.

Performance and Potential 2002–03: Canada 2010: Challenges and Choices at Home and Abroad, October 2002

Society – Canada ...



- **gay community - counted by Census 2001**

- triggers for the Census focus included the desire to:
 - inform responsive future policies in the area of marriage, benefits, etc.
 - better inform the human rights environment – i.e. sexual orientation the only ground for discrimination claims for which Canada historically had no data
- signals government's desire to better understand this segment of Canadian society

- **no societal consensus - 2 fundamental questions - emotional, spiritual and legal implications**

- the constitutionality of the current (heterosexual) definition of marriage
- the appropriate role of the state in this context
- three key “camps” of public opinion:
 - opposition - to same-sex union and government push to widen the current definition to include it
 - support - broadening the current definition of marriage to include same sex couples
 - opposition - to state involvement - removal of marriage from the law

- Charter challenges underway in BC, ON, QC

- Canada's Justice and HR Standing Committee

looking at four options :

- status quo - marriage an institution for opposite sex unions
- change to include same-sex marriage
- eliminate the role of the federal government - transfer role to religious authorities
- create federal civil unions - would not involve redefining marriage

Census 2001 results

- 34,200 couples self-identified as same-sex, common law couple
- represents 0.5% of all married and common law couples counted
- highest proportion reported in BC - least in NFD (0.1%)
- figures believed to under-represent real numbers - self-identify reservations

Society – Canada ...



- **health threats significantly preventable**
 - overweight - in 1996 CMA reports 30% of boys and 25% of girls between 7 and 13
 - double the rate for girls and triple for boys in 1981
 - Type 2 diabetes - explosion in young Canadians diagnosed
 - significant link to eroding nutritional and fitness habits
 - cancer - modifiable risk factors in most frequently diagnosed cancers - non-melanoma skin cancer; lung cancer; breast cancer for women; prostate cancer for men - include:
 - smoking - 30% of fatal cancers in Canada and the overwhelming cause of lung cancer
 - poor diet - 20% of cancer deaths - including consumption of alcohol
 - sunlight - exposure to UV rays one of the main causes of skin cancer

➤ **analysts argue socio-economic status equal if not more critical determinant of health - suggesting better focused community and government efforts on eradicating poverty**

- **new and persistent health trends exert economic and social pressures**
 - 1981-2000 - antidepressant drugs prescriptions increased from \$3.2M to \$14.5M
 - teen smoking on the decline - higher rates of smoking among teen girls
 - 24% of girls compared to 20% of teen boys
 - questions raised about appropriate responses

➤ **landmark Workers Compensation decision - in favor of non-smoking waitress (Ottawa) with lung cancer - fuelling smoke free environment arguments**

Society – Canada ...



- **undergraduate enrollment - record high levels**
 - 18-24 year olds in undergraduate studies reached 518,800 in the 2000/01 - 18% of that population - an all time high
 - third straight annual increase
 - women - 59% of total undergraduate enrollment - an all-time high
 - Aborigines - making gains - number of post-secondary students more than tripled in the last decade
 - an additional 200,000 students projected to enter university system in next decade
- **graduate studies enrollments - smaller than undergraduate - growth rate 1997/98 to 2000/01 (7%) nearly double that of undergraduates**
- **Canada leading OECD in post-secondary completion**
 - 39% of population aged 25-64 achieved post-secondary education
 - reflected in increasing average earnings
 - over 60% of earners making less than \$20,000 - had no more than high school education
 - over 60% of earners making \$100,000 or more - had university degree
 - earnings for those with less than high school education declined 1.8% over the last 10 years to \$36,193 per year

➤ **the 2001 Census draws strong links between potential for top earnings and university level educational**



- **university enrollment outpacing post-secondary capacity**
 - Ontario's "double cohort" significant
 - Ontario will graduate double the amount of high school students in 2003 - due to decision to eliminate fifth year of high school
 - exerting pressure on post-secondary institutions capacity
 - Ontario has 40% of Canada's students
 - competition placing demands on students to produce higher marks - particularly students seeking placements in Ontario, Alberta or BC - three provinces with greatest student growth
 - **US students enrollment in Canadian universities - exerting additional pressure**
 - US citizens in Canadian universities rose by 86% in past three years
 - attributed to competitive tuition rates, academic standards and pleasing campus settings
 - **increased investment in scholarships and bursaries since the mid 1990s**
 - **number of faculty has decreased**
 - student-faculty ratio in Canada's universities has risen from 23:1 in 1971 to 36:1 and rising in 2002

➤ **with current and predicted economic reliance on knowledge - managing post-secondary supply and demand challenges will have a direct impact on future productivity and competitiveness**

Society – Canada ...



- **youth outcomes - income a key predictor**
 - nearly one in five children (18.5%) live in poverty
 - represents a decline from early 1990's - still a significant proportion of the population
 - low income homes more likely (20%) to have a parent with mental illness than high income counterparts
 - children in persistent poverty more than twice as likely to live with violence - less likely to participate in recreational opportunities than peers
 - majority of children describe a feeling of safety in their neighborhood - sense of safety is significantly diminished for children living in poverty
- **youth - disproportionately represented in crime and victimization**
 - male and female youth experience more violent and personal crime - sexual assault, assault, robbery and personal theft - than other age category
 - youth most likely to be victimized by someone in their age group or slightly older
 - 20% of all violent crimes against youths occur on school grounds
 - teenagers/young adults greatest risk of engaging in criminal activity
 - 21% of those charged with Criminal Code offences

May 2002 United Nations General Assembly special session on children - governments from around the world, including Canada, committed to developing national action plans to fulfill the commitments of *A World Fit for Children* to protect and promote the rights of children

Society – Canada ...



- **societal inclusion - important challenges persist**

- racial profiling - U of T survey of 3400 high-school students suggests it occurs in Toronto
 - 40% of black as - opposed to 16% of white respondents - indicate they have been searched by police in past two years
 - 34% of black students - compared to 4% of white students who have not engaged in any type of criminal activity - report having been stopped by police in past two years
 - 65% of black - compared to only 35% of white drug dealers - have been arrested

- economic development - recent immigrants faring worse than predecessors

- study of socio-economic inclusion in cities suggests they experience higher rates of poverty and unemployment

➤ U of T study suggests two key societal implications:

- racial profiling practices perpetuate minority over-representation in criminal justice system
- profiling alienates black youth from mainstream society and reinforces perceptions of discrimination

- **religious identity undergoing change - challenging communities and institutions to keep pace and stay relevant**

- attendance rate has dropped
 - 67% attending weekly services in 1946 - 20% in 2001
 - 43% attending monthly services in 1986 - 31% in 2001
- age (seniors) and immigration status strong predictors of religious attendance
- analysts suggest shifting religious paradigm - church attendance on decline, but spiritual affiliation on the rise

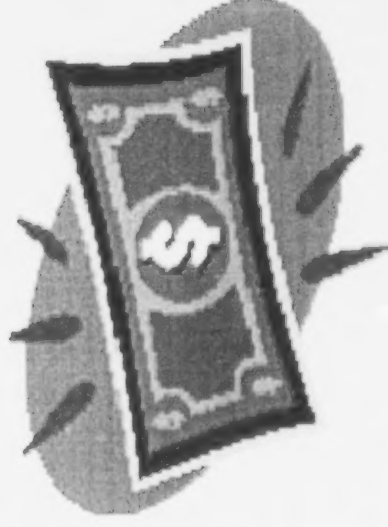
Economy

Summary

This section provides a snapshot of influential triggers shaping the current economic climate both internationally and domestically.

The global economy has been in significant fluctuation over the past year - still recovering from the impacts of 09/11 and struggling with more recent global events.

Perhaps most defining triggers has been the war in Iraq - the reconstruction process, the impact on the US economy, and the resulting repercussions for projected global recovery.



In this section

- economic conditions in US, Germany and Japan perpetuate weakening of global economy
- impact of SARS on affected countries substantial in the short term - demonstrates fragility of globalized economy
- amid global uncertainties - key sectors and industries face major setbacks
- Canadian economy maintains stable growth - several short and long term challenges may impede progress

Economy – Global



• world economic recovery hangs in delicate balance - uncertainties cause volatility

- world economy to expand by 2.1% in 2003 - weak by historical standards

- financial markets weak in 2003

- industrial production stagnated in many industrial countries

- slowdown in global trade growth

- labour market conditions weak overall

- investment shaky

- rebound expected in most areas by end of year- driven by anticipated upturn in US economy

- global recession avoided through strong outcomes in large economies

- Australia, United Kingdom, China and Canada

- weak but steady growth in the US



Global Summary : Economic Performance and Prospects

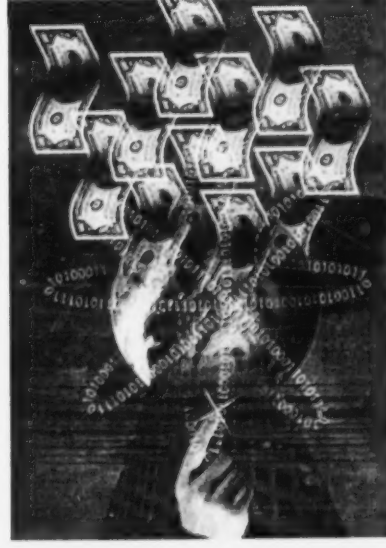
	2000	2001	2002	2003 f	2004 f
GDP Output Growth					
World	4.0	1.0	1.8	2.1	3.0

* Data in chart from Conference Board of Canada Global Outlook, Spring 2003

Economy – Global

• world economic recovery hangs in delicate balance - uncertainties cause volatility

- world economy to expand by 2.1% in 2003 - weak by historical standards
 - financial markets weak in 2003
 - industrial production stagnated in many industrial countries
 - slowdown in global trade growth
 - labour market conditions weak overall
 - investment shaky
 - rebound expected in most areas by end of year- driven by anticipated upturn in US economy
 - global recession avoided through strong outcomes in large economies
 - Australia, United Kingdom, China and Canada
 - weak but steady growth in the US



Global Summary : Economic Performance and Prospects

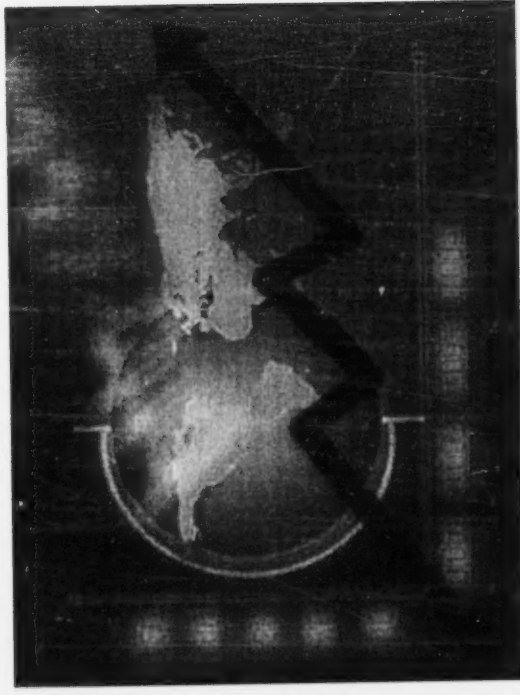
	2000	2001	2002	2003 f	2004 f
GDP Output Growth					
World	4.0	1.0	1.8	2.1	3.0

* Data in chart from Conference Board of Canada Global Outlook, Spring 2003

Economy – Global ...



- Iraq most prominent trigger of uncertainty
 - establishing new government a weighty challenge
 - could postpone world recovery
 - economic growth hinges on outcome
 - weak business and consumer confidence
 - sharp slowdown in both business and consumer spending
 - high energy costs constrain spending
 - oil prices rose sharply in 2002 and early 2003
 - driven by fear and speculation
- security and threat of terror impact global economy
 - another shock to global system could be devastating
- SARS causes unexpected challenges
 - spread impacts world economy
 - severe in some areas short term
 - » tourism in Hong Kong/Beijing on virtual collapse
 - » Ontario estimates health care costs at \$400M
 - substantial costs expected in tourism and retail industries
 - longer term impact on Canadian economy expected to be minimal



The economic impact of this epidemic depends largely on how promptly and effectively the virus can be brought under control.

OECD, 2003

Economy – Global ...



- equity market bubble bursting leaves impact
 - worst may be over - uncertainties remain
 - impact on balance sheets of banks and insurance companies in Japan and some countries in Europe remain unknown
- currency movements fluid
 - driven primarily by marked depreciation of the US dollar
 - likely to remain volatile with movement in either direction
 - Euro and the US dollar have been at 1:1 parity - Euro gaining strength against weaker US dollar
- US, Germany and Japan - weak economic conditions continue to constrain economic activity in short term
 - US - uncertain geo-political environment underpinning poor results:
 - labour market conditions softening - extra resources in system
 - » unemployment rose to 6% end of 2002
 - volatile stock prices - drastic decrease in consumer confidence and dampened investment
 - depreciating currency
 - deficit financed mostly by debt
 - » current deficit 5% of GDP, some project it may reach 7-8% in the next few years

➤ **despite poor results to date, US expected to lead global recovery**

Iraq, global terror, deflating financial asset bubbles, corporate scandals, a dearth of investment, overheating property markets, unstable insurance companies and macro-economic financial imbalances - it is real wonder that the global economy held up so well in 2002.

World Markets Research Centre
"In Focus 2003"

The uncertainty surrounding the war with Iraq has left the U.S. economy in the doldrums. The manufacturing sector is still in trouble, while the airline industry and other travel-related businesses are faced with even greater difficulties. Currently there are the same number of jobs in the economy as a whole as there was at the beginning of 2000. Manufacturing, the hardest hit sector of the US economy, employs around the same number of workers as it did in the 1960s.

The Conference Board of Canada
World Outlook, Spring 2003

Economy – Global ...



- Germany - Euro growth disappointing overall
 - prospects in Germany particularly grim
 - stagnation significant concern - real GDP growth less than 2%
 - » bank profits weak, corporate insolvency on the rise
 - » industrial production, business confidence, and retail sales continuing to slump
 - » jobless rate at three year high
 - » consumer sentiment bleak as burden increases through tax hikes and increased social payments
- Japan - deflation continues to hinder economy
 - economy plagued by bad loans and soaring corporate debt
 - GDP increased by only 0.3% in 2002
 - » real GDP projected to expand by only 0.4% in 2003 and 0.8% in 2004
 - prices of goods and services have fallen consecutively for four years
 - unemployment at record high of 5.5%
 - interest rates close to 0

A greater sense of urgency is needed in implementing policies to reduce global dependence on the United States and foster an orderly reduction in global imbalances over the medium term.

A broad based and multilateral effort is required, including aggressive steps to address:

- the serious corporate and financial sector problems in Japan
- accelerating labor and product market reforms in Europe
- reestablishing a sound medium term fiscal position in the United States
- shifting from external to domestic sources of growth in emerging Asia - including through additional financial and corporate reforms.

The broader such efforts, the less the burden of an eventual adjustment on individual countries and regions, the greater the prospect of an orderly resolution.

International Monetary Fund
World Economic Outlook April 2003

Economy – Global ...



shifting economies ...	
Europe	• growth projections sharply reduced • consumer confidence and domestic demand weak in Euro zone • rising overall unemployment – unemployment upswing in France, Spain and Italy • aging population leading to increasing welfare costs
Asia-Pacific	• overall growth positive – domestic demand countering sluggish US growth – SARS impact on overall economy yet to be determined • China economic giant in Asia – rampant growth - already 6th largest in the world – will continue to grow at between 6 and 7% – continues to open markets as a new member of the WTO – strong performance in retail sales and industrial production – export growth has been explosive
Sub-Saharan Africa	• GDP growth in poorest nations - a result of: – improved macroeconomic policies – progress in resolving regional conflicts – debt relief under several international programs • HIV/AIDS crisis continues to place huge strains on health care systems
Latin America	• monetary policies becoming more restrictive • weak currency against US dollar - inflation is unexpectedly accelerating and real disposable income eroding • rebound in economy in Argentina in 2003 and Chile is expected to remain relatively stable

Economy – Global ...



• Korean Peninsula - region in focus

- North Korean economic outlook bleak
- burdened by the “poverty trap”
 - not saving enough to cover the depreciation of plant and equipment stock
 - decay of power, water, transport and other public infrastructure
- capital stock decreasing - resulting in poorer economy
- wage/ price reforms have fuelled rampant inflation
- increasing recognition of unequal distribution of benefits

North Korea	South Korea
22.2	47.3
\$706	\$8900
\$15.7	\$421.3
\$ 2.3	\$291.5
22.8	7.6
1241	40 638
5	110
910	6030

• Chart from Business Week January 20, 2003

Economy – Global ...



• Korean Peninsula - region in focus

- North Korean economic outlook bleak
 - burdened by the "poverty trap"
 - not saving enough to cover the depreciation of plant and equipment stock
 - decay of power, water, transport and other public infrastructure
 - capital stock decreasing - resulting in poorer economy
 - wage/ price reforms have fuelled rampant inflation
 - increasing recognition of unequal distribution of benefits

North Korea		South Korea	
22.2	Population (millions)	47.3	
\$706	Annual Income (per capita)	\$8900	
\$15.7	GDP (billions)	\$421.3	
\$ 2.3	Foreign trade (billions)	\$291.5	
22.8	Infant Mortality (per 1000 live births)	7.6	
1241	Paved Highways (miles)	40 638	
5	Telephones (per 100 residents)	110	
910	Electricity production (per capita)	6030	

* Chart from Business Week January 20, 2003

Economy – Global ...



- **key sectors unstable**

- oil and gas - erratic
 - price has spiked to more than US \$30 a barrel
 - speculation and uncertainty, driven by:
 - uncertainty of outcome in Iraq
 - » UN imposed sanctions on Iraq and future of relationship with OPEC cause further instability
 - strike of oil workers in Venezuela
 - depleted inventories and cold winter in North America

- **global air travel - continues to suffer**

- industry unable to cope with shocks
 - 09/11, weak economy, SARS and Iraq, high fuel costs
 - US particularly affected
 - » American Airlines narrowly avoided bankruptcy, laying off 3100 flight attendants July 2003
 - Air Canada recently filed for bankruptcy protection
 - » seeking bailout package from Government
 - profitability suffering - unable to raise fares
 - technology providing alternative to travel

Before September 11th, business travel was already suffering from cost cutting. Afterward, the trend gained momentum as companies started to conduct long-distance business by other means. Technological advances may have permanently discouraged a significant part of the business travel market.

Conference Board of Canada
Global Outlook, Spring 2003



Nearly 100 000 employees have lost their jobs as a result of this forced contraction of the airline industry, along with nearly 400 000 others in US travel and tourism sector.

US Air Transport Association March 2003

Economy – Canada



- **economy remains strong - likely to surpass other major industrial countries**
 - sparked by strong domestic demand and stimulative fiscal policy
 - growth projected at 2.8% this year - 3.3 % in 2004
 - downside risks to growth countered by increasing interest rates
 - » rate increases due to inflation exceeding target of 1-3%
 - one of the world's strongest economic performances - an annualized GDP growth rate of 3.4% in 2001
 - boosted from significant government spending in 2003
 - **realizing benefits of implementing four pillars of economic policy**
 - trade liberalization, structural reform, fiscal prudence, low and stable inflation
 - **strong labour market and wage increases in 2002**
 - employment jumped 613,000 - a growth rate of 4.1% - between December 2001 - 2002
 - highest on record - 62.4% of the working age population employed
 - major collective bargaining settlements - provided base rate wage increases averaging 3.2% annually over the contract-term - up from 2.8 and 2.6 for the second and third quarters
 - youth employment expanded by 4.5%



Employment for 2002 grew by some 335 thousand jobs - more than double the 167.1 thousand jobs created in 2001 however, the unemployment rate increased to 7.7 per cent for the year as the labour force grew at a faster pace than employment.

– Department of Foreign Affairs and International Trade- Trade and Economic Highlights 2003

Economy – Canada ...



– both short and long term risks

- poor performance of US economy - Canadian economy's 'missing link'
 - slower US economy detrimental
 - » weaker US spending on automobiles and other durables evident
 - » minimizing trade barriers will be pivotal
- debt reduction will remain key to Canadian stability
 - debt/GDP ratio still high
- aging workforce - worker shortages and tight labour markets
 - proportion of the population in the age group 65+ will expand rapidly
 - » problem reinforced by a low birth rate and longer life expectancy
 - » resulting in a wide range of occupations experiencing a worker shortage
 - » 2001 immigrants represented almost 70% of the total growth of the labour force over the decade
 - » if trend continues - immigration may account for all labour force growth by 2010
- as the labour market tightens - gap between those with marketable skills and those with less marketable skills will increase

The Ontario throne speech delivered on April 30, 2003 calls for an end to mandatory retirement. Ontario is the latest province to consider [such a move], following in the footsteps of New Brunswick, Manitoba and Quebec.

CBC - April 30, 2003



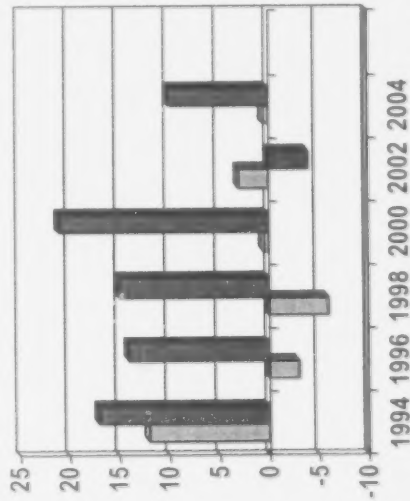
Pressures from population aging and still high GDP/debt ratio underscore the need for continued commitment to debt reduction and reforms to contain rising health care costs.

International Monetary Fund
World Economic Outlook April 2003

Economy – Canada ...

• continued strong performance contingent upon US projected growth

- slow growth in US a barrier to Canada:
 - Canada's export performance
 - 86% of merchandise is exported to US
 - exports of goods and services fell for the second consecutive year, down \$2.7 billion, or 0.6 per cent, in 2002
 - strength of Canadian dollar will also harm exports
 - auto sector projections bleak
 - recent slump and further projected decreases in US car sales coupled with high inventories will impede prospects
 - » light motor vehicle sales have been falling resulting in substantial production cutbacks at General Motors and Ford



A rebound in confidence is expected to lead to renewed consumer and investment spending, finally triggering some job growth required to generate a solid recovery in the second half of 2003.

Conference Board of Canada
Canadian Outlook, Spring 2003

Economy – Canada ...



- **transition from resource to knowledge based economy**
 - Canadians better educated than ever - gateway to higher earnings
 - number of Canadians aged 25 +, with university/college/or trade credentials grew by 2.7 million - a 39% increase
 - university educated people working full time had average earnings of \$61,823 (2001 census)
 - compared with \$41,825 for college graduates and \$36,278 for those with high school diplomas
 - **skilled trades crisis - shortage estimated to be between 25,000 and 60,000 workers**
 - pan Canadian issue
 - Western Canada
 - » projects delayed and cost overruns are occurring
 - » Alberta - currently short 30,000 construction workers in all trades
 - Toronto home builders
 - » imported 500 skilled tradesmen from overseas under an innovative pilot program with the federal government - include bricklayers, concrete formers, carpenters and welders
 - significant policy challenges
 - negative perception among young people toward trades as a career is a significant barrier
 - attraction of skilled trades and artisans through immigration policies will be vital

➤ **by 2010 - the shortage of skilled trades will cause higher wages and risk of inflation**

- **law enforcement community will not be immune to these impacts**

We've got an image problem. Parents don't want their kids working in construction.

Toronto Homebuilders Association, 2003

Economy – Canada ...



• science and technology industry fluid

- volatile e-commerce market
 - current e-business is concentrated in large firms
 - 7.5% of goods and services businesses selling online in 2002 accounted for nearly 30% of gross business income in Canada
 - private sector - value of online orders rose 28.4% to \$13.3 billion in 2002
 - despite the growth, e-commerce sales still accounted for only 0.6% of total private sector operating revenue in 2002

– high-tech industry maturing

- new firms find cost advantages in an economic turnaround
 - strategy-managed growth, prudent spending and scaled back purchases
 - more diversification of technology on the horizon - leading to new companies

• tech job market bleak - outsourcing increasingly a tool

- hundreds of American companies outsource positions to smaller engineering and programming firms - often in countries with inexpensive labour

– bio-tech industry booming

- second largest number of biotechnology companies in the world
 - revenues ranking third globally
 - \$1.3B to be spent this year in R&D alone
 - » growing four times faster than R&D spending in any other sector
- BIOTECCanada says that there are 17,000 new products in the pipeline - 10,000 could be on the market in the next 1-5 years

There are so many people out there looking for a niche in the marketplace that when the recovery happens – and I think it's starting to – and these companies start to flourish, there's going to be dozens of new companies, rather than just a Big Three or Big Five.

~ Gary Honin
Vice President of Diligens

A Statistics Canada

survey of e-commerce -
43 percent of businesses
who sold online in 2001
stopped selling in 2002

Economy – Canada ...



• **Innovation Agenda - government continues commitment**

- budget commits \$1.7 billion in research and innovation
 - R&D spending ranks 14th among the OECD countries
 - R&D at 1.8% of GDP - well below OECD average of 2.2%
 - » between 1 and 2 percentage points behind the five leading countries
 - US R&D currently occupies the number five spot - investment-to-GDP ratio of 2.7%
- business sector R&D expenditures key to success
 - despite growth, Canada's business sector R&D low by international standards
 - among the three major sectors (business, government and university), business R&D accounts for biggest gap between Canada and top five countries
- in 1999 Ontario accounted for 51% of all R&D spending
 - private sector responsible for 63% of total R&D spending in Ontario, compared with 57% in Canada and 75% in US

National Innovation Strategy

- centrepiece of economic plan – aggressive targets set for 2010:
 - to rank among the top five countries in the world in research and development performance
 - to rank among world leaders in the share of private sector sales from new innovations
 - to double federal government investments in R&D

➤ **investing in innovative products and processes helps increase economic growth, create high-quality jobs, and support sustainable development**

Economy – Canada ...



• bank consolidations - Government slowly warming

- US retail-banking acquisitions becoming more attractive
 - aspirations for US expansion - debating whether to wait for domestic mergers or turn to acquisitions south of the border
- Royal Bank Canada (RBC) prepared to spend more on US acquisitions this year
 - mainly retail banking if Ottawa blocks mergers
 - RBC budgeted \$1B for a series of small US buys to build existing base
- government to release report June 2003
 - revise position on key “public interest” tests for bank consolidations

Bank Mergers	
Pros	• benefiting from international markets - able to compete • attracting international business • generating capital and jobs to support ongoing economic growth • helping financial sector build efficiency and profitability • providing opportunities for smaller banks through new competition and investment in the sector
Cons	▪ short term job dislocation ▪ head office reductions ▪ service disruption ▪ challenging management issues from integration of businesses

Mergers seem to be necessary given the ever larger size of banks' customers' need for global reach and appetites for debt.....average asset size of the top ten banks in the world is between three and four times the size of the largest Canadian bank...[meaning] no matter how large our banks may be perceived to be by Canadians, they are not large by international standards, which, in the current global economy, is the relevant test.

~ Wendy Dobson, Rotman School of Management, University of Toronto, 2003

Economy – Canada ...



• bank consolidations - Government slowly warming

- US retail-banking acquisitions becoming more attractive
 - aspirations for US expansion - debating whether to wait for domestic mergers or turn to acquisitions south of the border
- Royal Bank Canada (RBC) prepared to spend more on US acquisitions this year
 - mainly retail banking if Ottawa blocks mergers
 - RBC budgeted \$1B for a series of small US buys to build existing base
- government to release report June 2003
 - revise position on key “public interest” tests for bank consolidations

Bank Mergers	
Pros	• benefiting from international markets - able to compete • attracting international business • generating capital and jobs to support ongoing economic growth • helping financial sector build efficiency and profitability • providing opportunities for smaller banks through new competition and investment in the sector
Cons	▪ short term job dislocation ▪ head office reductions ▪ service disruption ▪ challenging management issues from integration of businesses

Mergers seem to be necessary given the ever larger size of banks' customers' need for global reach and appetites for debt....average asset size of the top ten banks in the world is between three and four times the size of the largest Canadian bank...[meaning] no matter how large our banks may be perceived to be by Canadians, they are not large by international standards, which, in the current global economy, is the relevant test.

– Wendy Dobson, Rotman School of Management, University of Toronto, 2003

Politics and Governance

Summary

This section provides an update on how previously reported trends are evolving or taking new forms.

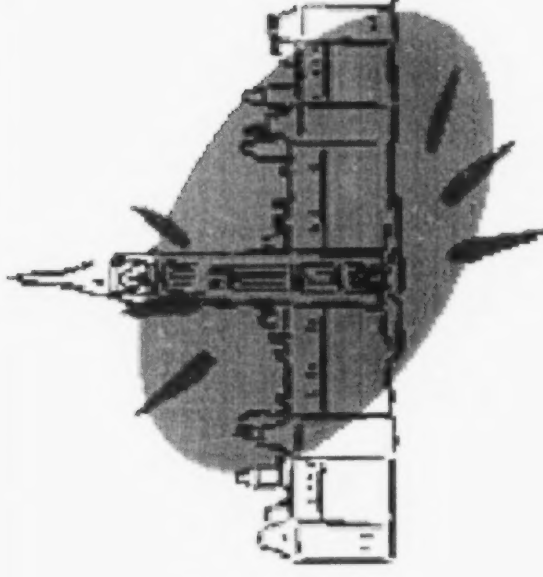
For example, globalization and interdependence continue to dominate - both globally and nationally.

The concept of *intermesiticity* - first reported in 2002 - takes on enhanced importance in 2003.

What's new - international tensions around the stabilization of a new world order and the growing recognition of Canada's diminishing influence.

In this section

- three dominant overarching governance trends - globalization; US dominated world; transformed international security environment
- two competing frameworks - *multilateralism & coalitions of the willing* - emerge around new world order
- EU positioning as a potential rival to US dominance
- blurring of private and public spheres of responsibility - ethics a driver of governance frameworks
- Canada's role and influence in the world is diminished substantially
- management of the US relationship key governance lever



Politics and Governance – Global



- **three overarching trends frame global governance**
- 1. globalization & knowledge revolution
 - key elements of global governance framework
 - dramatically change relations both within and between nation states
 - strengthen interconnections - integrated production facilities, environmental issues/concerns (global warming), infectious diseases (SARS, AIDS, foot and mouth), illicit drugs, security against terrorism
 - accentuate the degree of interdependence and collaboration required between governments
 - however, emerging paradox between global integration and regional fragmentation
 - multi-tiered governance through regional alliances
 - shared governance accommodating common purpose but allowing regional distinctiveness - European Union, North American Free Trade Area, Malaysia in the Association of Southeast Asian Nations, etc
 - **catalysts for managing interdependence and horizontality:**
 - facilitating processes/structures consultation, coordination, joint decision-making, joint action
 - avoiding rigidity - ensure flexibility and adaptability
 - managing competition through cooperation and conflict avoidance and resolution
 - understanding conflicts with current vertical institutions/provisions and accountability

Politics and Governance – Global ...



2. uni-polar world dominated by the US

- now a recognized “hyper power” - significantly out distancing rivals and allies in power and prestige
- constitutes \$10 Trillion economy
- represents one quarter of global economic output
- defense budget surpasses the collective budgets of the next 20 countries
- challenges the cornerstone of the global disarmament strategy over last generation (ABM Treaty) to promote missile defense
 - EU and other nations concerned could trigger another arms race
- developing an American-centred world, driven by American values and interests

Throughout history, freedom has been threatened by war and terror...the clashing of wills of power and the evil designs of terror... and by widespread poverty and disease.

Today, humanity holds in its hands the opportunity to further freedom's triumphs over these foes. The United States welcomes our responsibility to lead in this great mission.

~ President George W. Bush
National Security Strategy, September 2002

Country	Defense Budget (billions \$ US)	Year
United States	379.0	2003
United Kingdom	34.8	2001
Russia	29.0	2000
France	27.0	2000
Germany	23.1	2001
Saudi Arabia	18.7	2000
India	15.9	2000
Australia	15.1	2003
China	14.5	2000
South Korea	12.8	2000
Taiwan	12.8	2000
Canada	12.4	2002
Iran	7.5	2000
Pakistan	3.3	2000
Syria	1.8	2000
North Korea	1.3	2000
Yugoslavia	1.3	2000

Source: The International Institute for Strategic Studies

Politics and Governance – Global ...



3. international security environment - key issues

- proliferation of weapons of mass destruction (WMD)
- terrorism
- human security issues - health/infectious disease, poverty, education, human and civil rights, environment preservation, resource competition, etc.
- rapid evolution of international law relating to security
- intelligence roles/functions
 - profound expansion - consumers, stakeholders and substance of intelligence
 - » moving beyond traditional focus of national security - now a recognized form of soft power in many nations
 - » now include private corporations, citizens and civil society
 - » need to strengthen international contributions/value
 - centre of gravity has moved outside government
 - » increase reliance/ally with external expertise
 - » cognitive capacity and activity of the collective community is critical to success
 - » need for reform - become more fluid, establishing virtual networks and databases

International terrorism and the proliferation of weapons of mass destruction are the crucial strategic questions of our time. Our response to these events will determine the stability of the world for generations to come.

– Jack Straw
UK Secretary of State for Foreign and Commonwealth Affairs
Address to the Institute of and the Media
February 11, 2003

Infectious diseases ... threaten national security when deteriorating health trends abroad lead to instability and social upheaval... foreign policy agendas that aim to build a more secure world are increasingly including infectious diseases as a security challenge that needs to be addressed.

Global Progress Report 2002
Global Defence Against the Infectious Disease Threat
Progress Report 2002
World Health Organization

Politics and Governance – Global ...



- US National Security Strategy - a.k.a. the Bush Doctrine - defines an aggressive global security agenda
 - advance (champion) human dignity/security
 - strengthen alliances to defeat global terrorism and work to prevent attacks
 - defuse regional conflicts
 - prevent enemies from threatening US - our allies, and our friends - with weapons of mass destruction
 - ignite a new era of global economic growth through free markets and free trade
 - expand the circle of development - opening societies and building the infrastructure of democracy
 - develop agendas for cooperative action with other main centres of global power
 - transform America's national security institutions to meet the challenges and opportunities of the 21st century

Just three days removed from these events, Americans do not yet have the distance of history. But our responsibility to history is already clear: to answer these attacks and rid the world of evil. War has been waged against us by stealth and deceit and murder.

This nation is peaceful, but fierce when stirred to anger. The conflict was begun on the timing and terms of others. It will end in a way, and at an hour, of our choosing.

- President Bush
The National Cathedral,
Washington, D.C. September 14, 2001

Underpinnings of discontent in Islamic World

- three streams of mounting hatred:
 - with the western world - primarily the US - for supporting Israel
 - with the humiliation of falling behind the rest of the world in advancement
 - with their own oppressive governments for contributing to a growing sense of powerlessness and voicelessness

Thomas Friedman
April 2003

Politics and Governance – Global ...



• two competing frameworks emerging for new world order

multilateralism	“coalitions of the willing”
• key supporters are Europe and Canada	• conceptualized and advanced by the US
• emerged post World War II in bi-polar global context - re-adapted for the post-modern context	• emerged post Sept. 11
• relationship based	• issue based
• built on long term alliances	• assembled and dissolved around particular operations and issues
• relies on traditional forms of political discipline/loyalty, strong multi-lateral rules and regimes and <i>soft power</i>	• crosses traditional party and ideological lines • focuses on a specific set of values around a particular issue
• overarching goal is strategic global balance and mutual assurance	• overarching goal is established by the coalition leader
• world order- the legitimacy of influence and the use of force - resides within a system of international governance and international law	• world order is guaranteed by the power of the coalition leader and mutual interest
• middle and smaller powers have considerable capacity for influence	• middle and smaller powers have less capacity for influence

Politics and Governance – Global ...



– some recent examples:

multilateralism	“coalitions of the willing”
• War in Iraq - united UN Security Council – UN lead process to respond to allegations of Iraq's violation of UN resolutions – UN weapons' inspectors support of UN resolutions – Canada presented compromise option	• War in Iraq - divided UN Security Council – Coalition 49 countries lead by the US and supported primarily by the UK – US and UK retreat from UN process
• Kyoto Protocol – signed and ratified by over 100 countries – account for 44% of total global emissions	• US and Australia opt out – US accounts for 25% of global GHGs – claims negative economic impact
• International Criminal Court ratified by 63 countries (July 2002)	• US opts out
• Road Map to Middle East Peace – drawn up by Middle East "quartet" - US, EU, Russia and UN – establish Palestinian statehood by 2005	• Missile Defense – promoted by the US – EU - Germany and France - currently opposed – Canada's position - still evolving





I think the Atlantic Alliance, the nations of the North Atlantic, have to look at their future. They have to decide whether the fact that they have a parallel history, they have comparable values, comparable institutions and a linked economy - whether this creates the basis for common political action on issues that did not use to be the major concern of the Atlantic Alliance.

And then, they have to answer the question of what the purpose of the common effort is, how it is implemented and what special obligations an alliance places on the various members. And I would apply that to the United States as well as to America's allies. That is the fundamental decision that has to be made. If it isn't made, the alliance will erode and become a vestige.

~ Henry Kissinger
Former US Secretary of State
Interview, The Current (CBC Radio)
April 21, 2003

One of the reasons that the Americans are fed up with institutions... and alliances like NATO is that they have to carry all the water. The NATO multilateral bombing campaign to compel a human rights violator to stop abusing one of its minority groups only occurred because the United States stepped up to the plate and used military power. All the rest of the allies were secondary players.

So the American impatience with alliances, where they bear all the burdens and we [the rest of the allies] come along to provide intellectual and moral legitimacy, that bargain strikes the Americans as being a poor one.

~ Michael Ignatieff
Canada in the Age of Terror: Multilateralism Meets a Moment of Truth
Policy Options, February 2003

Americans see themselves at war, and are disappointed that those who were their allies throughout the Cold War years neither share this perspective nor appear willing or able to share the burden.

~ Michael Hart and Bill Diamond
The 2002 Election and Canadian Interests: Ottawa Must Get with the Reality of a Bush Dominated Washington
February 2003

Politics and Governance – Global ...



• undercurrents in new world order

- EU positioning - rival to US dominance - possibly a countervailing super-state
 - represents a profound geo-political change - new governance system of collective decision-making
 - union has history and advanced through:
 - European Coal and Steel Community
 - European Economic Community
 - European Community
 - European Union
 - adoption of common currency
 - expansion of current 15 nations includes:
 - by 2004: Malta, Cyprus, Estonia, Hungary, Poland, the Czech Republic, Slovenia, Latvia, Lithuania and Slovakia
 - by 2007: Romania and Bulgaria
 - Euro surpassing value of US dollar (\$1US = 1.12 Euro)
 - significant governance challenges
 - divergence in democratic and institutional capacity
 - member states act as individual federations
 - planning defense union - Germany, France, Belgium, and Luxembourg
 - commit to the creation of military structures and assets separate from NATO
 - raise the prospect of a full European Security Defense Union
- international infrastructures vulnerable
 - underlying basis of current treaties and agreements
 - UN, Security Council, NATO, at a historical cross-roads

The proposed new political union, which might include more than two dozen of the nations of continental Europe, would elect its own high profile president and foreign minister.

Empowered to speak for the only international coalition that could stand up to American hegemony, they would meet with their Washington counterparts as equals.

~ Peter C. Newman
Maclean's Magazine,
November 4, 2002





• **rehabilitation/reconstruction of rogue/in conflict states**

- new understandings of sovereignty - new world order
 - virtual "trusteeship" - countries collectively take on some of the governance responsibility of other countries
 - e.g. Namibia, Cambodia, Bosnia, Kosovo
 - the international administration of Iraq
 - » rebuilding efforts estimated at \$25B to \$100B - largest post war rebuilding since Marshall Plan in post WWII
 - » US companies represent the first contracts - largely financed by taxpayers - US officials have hinted that Iraqi oil revenue will contribute
 - » US intention to establish a solid base in region
 - Middle East peace plan - the US, UN, EU and Russia
 - » US commitment to facilitate/leverage a resolution - new military and moral authority post-Iraq
 - key question is will this trend remain stable over time

– **states attempting to rehabilitate their image -**

- Libya lobbied for appointment as Chair of UN Human Rights Committee

Committee

- shared intelligence related to al Qaeda with US

– **international development**

- communities - holistic, integrated approach
- authority decentralized to local government level
- government and citizen capacity build at grass-roots
 - communication/consultation between government and the poor/disfranchised
 - emphasise accountability for both parties

Fast Facts - Iraq

- **41% of population is under 14 - vast job creation problems**
- **women having large families**
- **GDP has fallen by 70% in past 20 years**
- **unemployment is currently 25%**
- **vast oil reserves - 112.5 billion barrels - fields suffer from lack of investment**
- **\$94B US debt load**



• trends in democracy/democratization

- Middle East
 - Arab states have taken only small steps toward democracy - not succeeded in reducing the appeal of radicalism
 - the region having the fewest freedoms in the world (Arab Human Development Report, 2002)
 - conflict/reconstruction in Iraq to begin a process of questioning and sorting out of governance and societal issues
 - outcome is unclear and too difficult to predict

People in the Arab world now really live in a kind of frustration between the behaviour of the regimes and the behaviour of the United States. There's a great risk of radicalization – for the Islamic movement and for ordinary people – that lies within those contradictions.

– Diaa Rashwan
Acira's Al-Ahram Centre for Political and Strategic Studies
Washington Post, Feb 27, 2003

Iraq is the only Arab country that combines oil, water, brains and secularism. Lebanon has water, brains, secularism and a liberal tradition. The Palestinians have a similar potential. Which is why I favour "triple self-determination."
Lebanon, Iraq and a Palestinian state could all be made into functioning, decent, free-market, self-governing societies, it would be enough to tilt the entire Arab world onto a modernizing track.

– Thomas Friedman
New York Times, April 16, 2003

- new cabinet led by Prime Minister Mahmoud Abbas - advancements toward democratic reform and renewed optimism for Middle East peace
 - in his first policy speech, Mr. Abbas denounced violence and pledged to control militant groups and illegal weapons
 - Road Map to Middle East Peace - the new government must
 - » hold free, open and fair elections
 - » dismantle "terrorist capabilities and infrastructure" and end all incitement against Israel

Politics and Governance – Global ...



- South and Central America
 - democracy has been accompanied by crime, corruption, high levels of poverty and deepening inequality
 - citizens deeply dissatisfied with failure of democracy to improve living standards and curb violent crime
 - millions are migrating to the US and Europe
 - the impact of September 11 - a key barrier to progress
 - altered the balance of power between the rule of law, public deliberation and US security objectives
- Turkey
 - denied entry to the EU on basis of poor human rights record
 - despite recent efforts to abolish the death penalty, adopt a new civil code, allow broadcasts in Kurdish
- China
 - SARS crisis underscored secrecy of governance regime – forced to admit untruthful about the extent of the disease
 - Minister of Health forced to resign
 - first firing of a Chinese Minister over a policy issue since 1949
 - could be catalyst to more democratic reforms
- Nigeria
 - applauded for April presidential and state governor elections - important milestone, moving for the first time from one civilian government to another
 - modest progress has been made - significant reforms needed
 - crime, corruption, ethnic conflict and unstable local governance remain rampant

Politics and Governance – Global ...



– Western societies:

- citizens perceive ineffective democratic institutions
 - legislatures, political parties, cabinets, etc - a barrier to advancing democracy
 - processes to transform societal concerns into public policy are slow, deadlocked, exclusive, closed and not representative
 - proposed alternatives - direct democracy, deliberative democracy, participation on the output side - involve significant reform of public institutions
 - membership in and identification with traditional political parties significantly declining - interest in public policy is rising
 - disconnect between political elite and apolitical or anti-political electorates
 - citizens refocus efforts on alternative forms of democratic expression - protest behaviour



London, England, citizens protest the pending war in Iraq, Feb 2003

Developing democratic mechanisms that involve citizens in goal setting and giving them more of an immediate stake in the outcomes ... of governing, is potentially the start of a virtuous spiral of enhanced legitimacy and effectiveness.

Governments have been involved in attempting to initiate such an upward spiral, including major efforts for “citizen engagement” ... Those efforts do not appear to have been very successful in altering the mood of the public, while cynicism and discontent appear to continue to be the dominant public sentiments.

~ Guy Peters
 Democracy and Political Power in Contemporary Western Governments
 Governance in a World Without Frontiers, 2003



- **human / civil rights set backs - primarily in context of international security goals:**
 - civil rights versus protection against terrorist threats - renewing libertarian versus conservative debate
 - US holding 650 detainees - suspected Taliban and al Qaeda supporters - from 40 countries in tight security indefinitely in Guantanamo Bay
 - Circuit Court of Appeals (DC) upholds that detainees are aliens held outside US and thus not entitled to rights granted by the Constitution - being held indefinitely without charges being filed
 - use of torture - bending the rules in wake of September 11
 - lawyers, former intelligence personnel and human rights groups charge US with "lite torture" in the interrogation of prisoners
 - a US report suggested CIA interrogators at Bagram air base in Afghanistan kept al Qaeda members standing or kneeling for hours in painful positions, deprived them of sleep with a 24-hour bombardment of light
 - prisoners have been sent to countries with poor human rights records - Egypt, Morocco, Syria, Jordan, Philippines - where electric shock and other conventional forms of torture have been used
 - debate emerging around torture by judicial warrant - torture may be justified in extreme cases where thousands of lives might be saved by pre-empting terrorist attacks - places significant burden on judiciary

[On the use of interrogation and the treatment of suspects...] *This is a very highly classified area, but I have to say that all you need to know is there was a 'before 9/11', and there was an 'after 9/11'. After 9/11 the gloves come off.*

– Cofer Black, Head of the CIA Counterterrorist Centre
Hearing of the House and Senate Intelligence Committees, September 2002

Politics and Governance – Global ...



- **US Supreme Court**
 - ruled federal government can detain legal immigrants without bail during deportation proceedings - significant impact on the rights of non-citizen
 - rejected first case challenging how government deals with terror suspects in America
 - a defeat to ACLU/others concerned the government is using 9/11 to erode on personal freedoms
 - case centred on the boundaries of the US Patriot Act - giving government broader surveillance authority
 - issues included spying, secret detentions confidential deportation hearings, alleged terrorists held at undisclosed overseas locations
- **US Circuit Court of Appeals grants government request for secret hearing of alleged September 11 conspirator, Zacarias Moussaoui**
 - debate on violation to the fundamental principles of open court - justified in new context of national security
- **US scientific journals agreed not to publish information that could be used for criminal activity**
 - a risk-based decision - significant cost to sharing of knowledge intellectual capital
- **draft changes to Spain's military criminal code - participation in public acts opposing military intervention - could lead to prison between one and six years**
 - if convicted of "defeatism", civilians could find themselves before military courts
 - a severe limitation of freedom of expression and political activity
- **UK proposes "new vision for refugees" in EU context**
 - discussed by EU Justice and Home Office Ministers (March 2003)
 - "external processing" of asylum-seekers and focus on "protection in the region"
 - to stem the flows of illegal migration into Europe



• blurring of traditional spaces of public and private sectors

- global corporations take on social problems/solutions
- moving into roles/responsibilities of government as resources, capacity and visibility expanded - as governments have withdrawn or failed to respond
 - analysts argue institutions are less relevant
- markets regarded as the optimal distributor - government should seek to mirror
- *niche markets* in international competitive environment characterized by deregulation and flexibility
 - based on demographic, social, economic, cultural diversity and other quality areas
- new “industry” approach to traditional government institutions
 - Australian universities are now considered “industries” - compete for contracts to educate and conduct research
 - the *corporatization* of the public sector

Fast Facts

- *McDonald's* is now one of world's main providers of playground space
- *Coca-Cola* is one of the largest benefactors of scholarships for Hispanic people
- business interests of *The Body Shop* are merged with Indians and environmental preservation in the Amazon Rain Forest
- *Avon* is one of the world's largest supporters of breast cancer research

➤ **similar movement is occurring around the policing “industry”**

- increased blurring of the lines between public and private policing

Politics and Governance – Global ...



– public-private partnerships intensifying

- “frontier crossing” - between governments of differing jurisdictions as well as the public, private and voluntary sectors
- IT infrastructure of UK government provided by US companies
- appropriate organizational forms heavily traded via international organizations (WB, OECD)
- “international benchmarking” - comparisons of commercial, public and voluntary sector organizations
- advantages - additional financing for public services, risk-sharing, innovative management skills and practices, enhanced technological knowledge
- disadvantages - ambiguous allocations of responsibility, diminished political steering capacity, potential for increased bureaucratization, opportunism by commercial enterprise, failure to deliver promised services

Far from avoiding social responsibilities, in almost all cases it has been in the multi-nationalists' best interest to set exemplary standards in the conduct of their affairs. But let's be clear: this behaviour is neither venal nor philanthropic; neither moral nor immoral.

Rather, the assumption of community service has been a rational response by business to the realities of modern times. It is at best pragmatic and at worst amoral.

– Allan R. Gregg
Macleans, July 2002

... the European Commission adopted a policy paper, “Corporate social responsibility, a business contribution to sustainable development”, suggesting, inter alia, the establishment of a “European Multi-stakeholder Forum” for all players (social partners, business networks, civil society, consumers and investors) to exchange best practices, to consider principles for codes of conduct and to seek consensus on objective evaluation methods and validation tools such as social and environmental labels. The strategy seeks to complement existing initiatives by companies themselves and by public organisations such as the OECD and the UN.

– Pascal Lamy, Commissioner for Trade
European Commission

Politics and Governance – Global ...



- corporate governance • shifted responsibility of corporate management from shareholders to social responsibility

- corporate social responsibility (CSR) movement

- global economy - develop trading relationships which support the UN's Millennium goals to reduce poverty and ensure environmental security
- international governance bodies - OECD, World Bank - links social and environmental principles/ behaviour and competitive advantages/performances
- Hewlett-Packard set an industry standard – arguing that profit is not the main point of its business
- promotion of voluntary codes of conduct and self regulation - move beyond existing legal obligations
- OECD guidelines developed in 1999 provide international benchmark for best practices
 - » a global reference point for shaping public policy in this area
 - » criteria in country assessments by the World Bank
 - » *Fortune 500* companies voluntarily adopted firm-wide codes
 - » a key challenge - reporting tools and verification mechanisms to ensure compliance
 - » need to re-evaluate weaknesses in corporate oversight and identify areas for improvement
- trend towards grass-roots, techno-savvy social activists monitoring corporate responsibility - promotion of "ethical investing"
- challenge for policy makers is "right" balance between government oversight and increased monitoring by market participants themselves

Politics and Governance – Canada



• Canada's power and influence in the world diminishing considerably

- analysts argue Canada ceases to be relevant
 - capacity to exercise influence in multiple venues on the global stage linked to the strength and quality of the relationship with the US
- a geo-political shift in the North American context is occurring
 - the US centre of gravity - a shift away from the North-East - Canada - toward the South-West - Latin America and Mexico
- US continues to move away from fixed coalitions/institutions
 - coalitions of specific objectives - capabilities partners can bring
 - implications for Canada:
 - traditional structures of our foreign and security policy - NATO and UN - will decline
 - our presence, historical friendships and moral legitimacy will no longer be sufficient to exercise influence
 - incremental military investments will not be sufficient - contribute substantial resources to influence a cause
 - historical branding strategies no longer be relied on
 - need to improve coalitions within the US
 - » understand and leverage the issues on the American agenda
 - » know and understand players and objectives

Politics and Governance – Canada ...



- Canada-US relationship - fundamental changes
 - “the most intense relationship” in the world
 - trade, commerce, foreign, security and social policy increasingly interconnected between two nations
 - asymmetrical relationship
 - challenge of independence for Canada
 - domestic policy options/choices impacted - pressure for harmonization
 - points of contention:
 - » protection of American business interests - softwood lumber, pharmaceutical drugs
 - » decriminalization of marijuana in small quantities
 - seeking Canadians’ views in foreign policy review
 - » renegotiating a foreign policy framework for Canada - Canada’s role in context of “core relationship” with US
 - » a more strategic approach to managing core relationships and broader foreign policy agenda
 - » concurrent review of defence policy, infrastructure and support

Fast Facts

- Bangladesh and India are the largest contributors to UN peacekeeping – Canada is number 34, after the US
- 1.1% of Canada’s GDP is spent on defence
- Canada remains largest trading partner for 37 US states
- not one US journalist posted in Canada
- Canada has less than one third of the missions Mexico has in the US

Canada is in a state of denial... continuing to conduct business and politics as usual in a world where neither are appropriate any longer.

– David Warren
Columnist, Ottawa Citizen
Outlook 2003
February 19, 2003

Politics and Governance – Canada



– the view of Canada from the US

- most Americans do not know much about Canada - Americans living near the border tend to know more
- view Canada as a nice neighbour to the North - not as their largest trading partner and not as high tech
- a recent polling of Americans:
 - 54% said UK was their best friend - 18% said Canada
 - 38% in favour of Canada being annexed
 - 14% identified Canada as largest trading partner - majority thought Japan
- House of Representatives has highlighted Canada as a potential funnel for terrorists into the US

In the current American mind-set, the distinction between "homeland defence" and continental defence" is almost entirely academic. The United States will do whatever it feels it must do to defend its territory, regardless of what Canada feels, wants, says or does.

~ Pierre Martin
Coming to Terms with Uncle Sam: Managing Canada-US Bi-lateral Security After September 11
Policy Options, Feb, 2003

Canada needs to reinvest in "hard power" before it can exercise "soft power".

~ The Honourable Bob Rae
Address to the Canadian Institute of International Studies
March 29, 2003

➤ **investment in a deeper understand of the US and how it works - Congress, regional issues, etc - is needed by policy makers and government officials in Canada, including**

regular visits by a diversity of officials
deeper and broader relationship base

Politics and Governance – Canada ...



- Canada's image in the world
 - 7th most popular tourist destination in the world
 - 6th most popular destination by foreign students in 2002
 - slipped from 4th to 6th place in 2002
 - global image/brand deeply embedded as a resource-based economy
 - warm feelings - insufficient current knowledge of Canada abroad
 - no strategic international brand promotion of Canada - beyond the Mountie on the Horse
 - global perception - Canada follows US foreign policy lead

Fast Facts

- 73% of Canadians support the government sending the RCMP to Iraq assist in its reconstruction
 - 37% strongly support
 - 36% somewhat support
 - 16% somewhat oppose
 - 11% strongly oppose

Public Security Monitor, Wave II
Ekos Research Associates

➤ **RCMP can contribute to the modernization of Canada's "brand"**

- projecting an image of the Mountie consistent with the advancement of an integrated policing and law enforcement vision

Politics and Governance – Canada ...



– key leverage points for Canada - strengthened relationship with US

- linking issues strategically - trade/investment with security
- building/contributing intelligence - North American security zone
- international capacity building around democracy - especially in the area of criminal justice and policing (niche may be in special projects)
- strategic investment in human security issues and public diplomacy

*[The US] still needs help, but not always from the same folk. It is therefore inclined to cherry-pick. And it can afford to pick different cherries in different contexts. The result is that the older allies, Canada included, have less room to meddle than they had before - and they never had much...
Given that most of them - Canada included - have relatively few security assets of the traditional sort to put on the table, it is very often inclined not to take them at any discernible price at all.
Whatever currency you prefer...you have to have something really useful to offer - airspace it needs, land masses it needs, harbours it needs, airports it needs, moral cover it needs, intelligence it needs. Perhaps above all, in this age of unconventional security threats, "intelligence it needs."*

~ Dennis Stairs
Address to the conference "Canada: A Fading Power or a Future Power"
Canadian Institute of International Studies
March 29, 2003

The idea of influence derives from three assets:

- *moral authority as a good citizen, which we [Canada] have some of*
- *military capacity, which we have got a lot less of*
- *international assistance capability.*

We have got some of the first and very little of the second and third. We have to wake up, we cannot go on being a good citizen unless we pay the price of being a good citizen.

~ Michael Ignatieff
Canada in the Age of Terror: Multilateralism Meets a Moment of Truth

Policy Options, February 2003

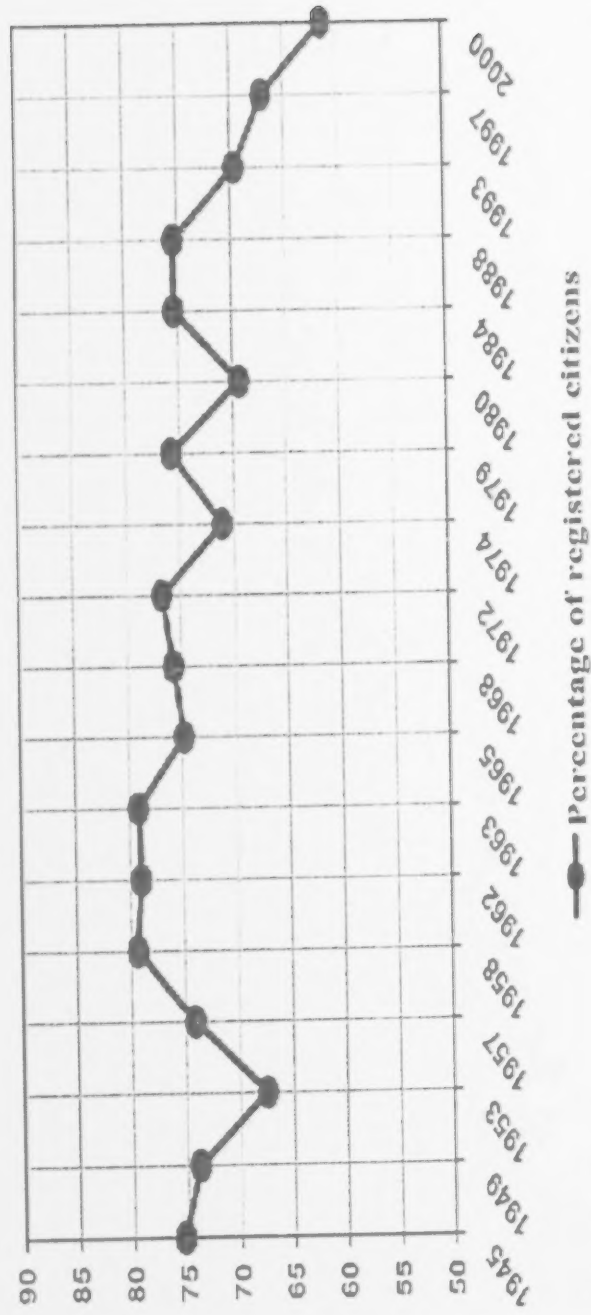


Politics and Governance – Canada ...

• health of the democracy

- citizens seek alternative instruments for democratic engagement
- growing desire and capacity to contribute to processes - paired with declining voter turnout
 - signaling lack of faith in traditional vehicles for citizen input
 - traditional reliance on public opinion to gauge citizen values fails to address full scope of dynamics
- involvement processes to identify both common and divergent values on issues of key importance - inform decision making - critically lacking in current system

Figure 1. Voting Turnout in Canadian Federal Elections (1945–2000)



Source: Elections Canada

Politics and Governance – Canada ...



- **privacy concerns**
 - **Privacy Commissioner warning fundamental freedoms under assault**
 - increased public data collection & surveillance
 - anti-terrorism backdrop not credible reason for:
 - » airline passenger data base
 - » Bill C-17- proposal giving RCMP and CSIS access to personal information held by airlines
 - » "Lawful Access" propositions for enhanced state powers to monitor communications
 - » proposed national ID card – potentially with biometric identifiers
 - » video surveillance of public streets by the RCMP in Kelowna
- **national political/ideological shift to the "left"**
 - **growing interest in social policy - renewed interest in social investment**
 - pushing back on dominating agenda of the "right"
 - public opinion research points to diminishing focus on deficit and debt reduction and increasing focus on social reinvestment
 - Liberal election victory in Quebec - platform of renewed social agenda - health care and education reform
 - election of NDP leader Jack Layton - catalyst to over 2,000 new NDP memberships
 - **declining interest in fiscal and social conservatism**
 - national Alliance Party slippage in the polls of the
 - Tory government in Ontario also declining

Politics and Governance – Canada ...



- **security agenda update**

- development of a national ID card
 - consult with Canadians - Standing Committee hearings
 - growing problem of identity theft
 - US establishing national biometrics identification system
 - » linked to anti-terrorism - part of their entry-exit system
 - » calling for international standards - requiring biometric verification of everyone crossing their borders by 2004

- **humanitarian and reconstruction efforts in Iraq - respond to U.S. requests for assistance:**

- addressing root causes of instability - contributing to terrorism recruitment
- **public health security link**
 - Canada's management of SARS - as proxy to CBRN management
 - concern that Canada's public health infrastructure and air transport security need significant strengthening
 - Health Canada to stockpile enough smallpox vaccine to vaccinate entire population

- **missile defense**

- evolving position on a partnership with US
- lack of collaboration will have a negative impact on NORAD

Al Qaeda did not develop a major operational base in Canada prior to September 11, and the reason may be they found it easy enough to do it in the United States. But down the road, the situation may be very different, and therefore Canada would become relatively more attractive.

~ Wesley K. Wark, University of Toronto
Quoted from the New York Times, March 13, 2003



- **new governance arrangements**

- First Nations

- provide First Nations with the modern governance tools to improve the quality of life in their communities - create long-term stability and foster economic sustainability
 - shifts relationship from the government/Chief to one between First Nations governments and First Nation members
 - provide a direct voice in the development of legislative changes
 - shape legislation - provide more modern community law-making and enforcement provision
 - enable community codes on leadership selection, financial management and accountability and administration of government

- Health Accord

- action plan for health system renewal:
 - 5 year health reform fund - three priorities - primary health care, home care and catastrophic drug coverage
 - annual public reports to citizens
 - a new Canada Health Transfer (CHT) - predictable annual increases to provinces/territories
 - investments to diagnostic services - the creation of a Diagnostic/Medical Equipment Fund
 - electronic health records and telehealth applications critical to rural and remote areas
 - work in collaboration with provincial/territorial governments/Aboriginal communities - address the serious challenges facing the health of Aboriginal Canadians



- **shorter-term political and policy horizon**

- seven provincial elections – Sask, MAN, ON, NB, NS, PEI, NFLD
- new leadership - New Democratic Party and Progressive Conservative Party
- leadership race for the National Liberal Party of Canada - new Prime Minister
- national social policy agenda focusing on six key areas:

1. Canada and the World

- issues of safety and security, contributing solutions to global problems - poverty - and establishing long term direction for international and defence policy

2. health and health care in the 21st century

- action plan within federal responsibility - food systems, First Nations communities

3. children and families - and poverty

- First Nations education-based programs
- Criminal and Family Law reforms to be more sensitive to needs of children

4. climate change and the environment

- create new national parks and Marine Conservation Areas
- legislation to protect species at risk
- ratify/implement the Kyoto Protocol - contribute to the global reduction of green house gases

Politics and Governance – Canada ...



5. talent and investment - skills, learning and research - smart regulation - cities/communities
 - key areas: workplace learning, barriers to youth, Aboriginal peoples and disabled persons in learning, development and employment, attracting immigrants, and barriers to the recognition of foreign credentials
 - reduce homelessness and poverty - especially among Aboriginal and new immigrant communities
 - a national drug strategy - the possible decriminalization of marijuana possession
6. government and its citizens
 - focus on arts and heritage institutions, Aboriginal institutions, reform of citizenship legislation, advancement of the Accord with the Voluntary sector, ethics for elected officials and public servants
- **2003 budget - supports SFT commitments**
 - contributions to health care and lower income families and children
 - investments in the knowledge economy - research, development and innovation - and cities infrastructure projects

Canada's governments recently reached an agreement on health care renewal, an agreement that does more than respond to immediate cost pressures, one that sets out a firm commitment and a plan for change: a plan for timely access; for quality care and for the sustainability of this Canadian advantage; for reform of family and community care; for access to home care; for coverage of catastrophic drug costs; for reduced waiting times for diagnostic services; for innovation; and for real accountability to Canadians. I wish to congratulate the Minister of Health, without whom this historic plan for reform would not have been possible.

~ Honourable John Manley, Minister of Finance
Budget Speech, February 18, 2003



- **public sector reforms and shifts**

- trend toward corporatization continues
 - focus on market-based approaches - outsourcing, enterprise, innovation, marketing models, results orientation, client survey relationships, risk management frameworks
 - models must be modified
- HR modernization/reform
 - most significant package of legislative reforms in 40 years - dealing with approximately 232,000 employees
 - cultural shift toward *federal public administration*
 - key tenets:
 - modernize staffing
 - clarify roles and responsibilities of government
 - give a new meaning to merit
 - create new arrangements for staffing recourse
 - establish a new regime for political activities of public service employees
 - emphasis on bilingualism

Our world has changed greatly... Public service work is becoming more complex and fast-paced. It requires employees and managers to be more flexible and to adapt to varying demands and circumstances. Technological advances and globalization are contributing to an accelerated pace of change, one that challenges the innovative capacity of the public service.

– Honourable Lucienne Robillard
President of the Treasury Board, February 6, 2003

PSAC concerns:

- removes “relative merit” from PSEA
- limits grounds for complaints/appeals in staffing process
- broadens definition of essential services - gives employer exclusive right to determine level and frequency of service during a strike
- gives employer control of designations
- creates a summary offence to impede a designated worker from entering workplace during a strike
- excludes staffing/classification from collective bargaining

Politics and Governance – Canada ...



– APEX study - declining health of public sector executives

- second large scale epidemiological study on public sector executives
- lack of latitude for decision-making described as a major contributor to poor health - as well as insufficient capacity human and financial resources to meet work demands

Strides	Concerns
• fewer smokers (less than 1/2 rate of Canadian population)	• 1 in 5 diagnosed with some form of cardiovascular disease in 12 months preceding survey
• declining incidences of serious chronic respiratory ailments	• 53% report high levels of daily stress - compared to 28.2% of the general population
• greater proportion of work hours at work - suggesting better work-life balance	• 95% report sleep disturbances
	• 19% report musculo-skeletal problems associated with tension
	• 15% report depressed mood (compared to 2.6% in general population)

- studies indicate that given the current health environment members of the executive feeder groups are not interested in following in their superior's footsteps

Politics and Governance – Canada ...



- continuous program review

- re-evaluation of current business - movement away from bricks and mortar - emphasis and adjustment to meet social needs
- build on *Program Review* and implement new process to manage public funds:
 - an ongoing review of the relevance and efficiency of programs
 - reallocate resources from across government to high priority areas
 - enhance accountability, transparency of government, and public trust and confidence
- reallocate \$1 billion per year from existing spending programs - begin in 2003-04

Sound fiscal management requires continually reassessing the value of existing programs so that the government can reallocate resources from low priorities to high priorities. It also requires continually looking for new, more cost-effective ways to deliver government programs. And it means being transparent about how Canadians' tax dollars are being spent so that the Government can be fully accountable to Canadians.

Chapter 1
The Budget Plan
Budget 2003

- government departments and agencies each year will be expected to undertake a "program review-like" exercise to contribute to reallocation initiative
- flexibility of government processes and infrastructure accommodate such initiatives

Summary

Globalization continues to be the driving force of technological evolution and contributes to advancing diffusion and democratization of knowledge.

The global knowledge economy remains the foundation of investment in research and development, while *knowledge workers* act as integrators and are transforming the workplace.

While advancements in security are also increasing significantly and rapidly, there is growing acknowledgement of the ethical and governance challenges.

In this section

- the knowledge economy is transforming the workplace - knowledge is the key asset and people are the primary resource
- Canada's knowledge economy is advancing - a well positioned leader in bio-technology
- in post 9/11 environment, S&T/IT is advancing rapidly around security
- cyber-crime/terrorism identified as a significant security threat





Science & Technology – Global

- **globalization - drives widespread diffusion of knowledge and information**
 - unprecedented access to information from anywhere at anytime
 - volume of data/information increasing from multiple sources, organizations and systems
 - new technologies - rapid acceptance by both public and private organizations - continuously changing the knowledge landscape
 - trend toward the democratization of knowledge
 - China - opens Web to the west
 - real estate now for sale on-line
 - businesses outside China can register .cn domain
 - Iraq - concerns about military intelligence leaks due to Internet use by uniformed personnel
 - India - emerges as a software "powerhouse"
 - emerging social and ethical questions - how to:
 - realize full and equal participation
 - determine to what degree S&T should be used to shape and solve global issues
 - reconcile social and environmental goals

- **broad implications for security - crime detection, privacy, authentication -**
 - criminals/terrorists increasingly using technology to communicate and commit cyber-crime, info-theft, etc.
 - need for security encryption, surveillance
- **integrated solutions challenges - security vs. privacy tradeoffs - security vs. global integration tradeoffs**



- business/technology industries shift focus from systems and networks to content and knowledge
 - strong IT infrastructure has been established - storage and flow capacities exceeds demand
 - serious deficiencies in information management causing concern in public and private sectors
 - “knowledge continuity” major preoccupation of organizations with baby boom retirements
 - knowledge industries have a shortfall in policies/practices needed to be productive in knowledge economy
 - new academic programs, educational activities, organizations and networks rallying to enable and support knowledge work
 - information overload in the knowledge-based economy increasingly burdensome
 - increasing need for organizations to manage information and knowledge

➤ **copyright infringement and theft of intellectual property will continue to grow as a major crime area**

➤ **rapid sector growth will outpace competencies in law enforcement and public policy**

We are entering a new era of knowledge management [where] we are looking at a level of integration that has never been contemplated before in government.

MIT Tech Review
March 2003





• **knowledge-base economy (KBE) - highly competitive - key economic driver**

- S&T activity
 - business and government leaders link S&T to innovation and sustainability
 - considerable pressure to maintain/raise level of research and development
 - potential for profit very significant
 - global demand for bio-technology is expected to reach \$50B by 2025
 - far greater emphasis on applied S&T research and development - particularly, business based
 - less on pure/theoretical research
 - IT solutions focus on resolving information management issues
- **knowledge workers**
 - intense competition for highly qualified people in global KBE
 - high performers identify, relate and leverage knowledge
 - purpose-driven - excel at relationship and network management
 - transforming work place environments
 - wholesale trade, finance, education, health and government services seeking KM workers
 - increasing demands for specialization
 - increasing internal and external mobility with the advancement of globalization

➤ **of particular concern to lawmakers and law enforcement officials is the wide range of illegal and unethical activity that occurs in various intellectual capital domains - biological patent theft**



• S&T/IT - impacts security

- post 9/11 environment catalyst to innovation/development of new law enforcement tools
 - augmented reality (AR) - a wearable computer - overlays computer-generated images onto a person's real world field of vision or into real-world experiences
 - bio-terror spray - disinfectants and antitoxins - cling to the body to help people after a bio-terror attack
 - visualization tool - Anacubis - that reveals hidden relationships - uncovering criminal and terrorist networks
- integration and intelligence-based law enforcement models focus on public safety and security
 - 'real-time' access/analysis of information/intelligence - by IT systems across organizations and jurisdictions
 - flexible and agile IT infrastructure - enable organizations to keep up with the evolving police model
- concerns around personal invasion/privacy
 - surveillance technologies speed crime detection/ prevention - but also have privacy impacts
 - significant debate on the meaning of "liberty" in changing global security environment
 - rising tolerance of government intrusion and central authorities - US- as security threats increase
 - awareness that technology alone will not be able to interdict all threats



Fast Facts

- *Virtual detective work* - uses open source tools for automatic sifting and sorting, with minimal intervention - identifies patterns and profiles
- UK police - as well as some European and FBI - using “visualization software” - allows investigators to “visualize” what is contained in great masses of data and information to facilitate analysis
 - Note: US sniper case utilized this software
- CIA’s S&T - uses diverse technologies to gather open source and targeted source intelligence
- BBC describes UK police techniques as revolutionized - tools like the National DNA database contain genetic profiles of over 1.7M people; 150,000 crime scene profiles; retinal and facial scanning and hand geometry

➤ possible police Augmented Reality applications include real-time:

- language and cultural interpretation
- intelligence
- biometric data
- dangerous goods sensing
- 3D maps
- transport and traffic data
- better SWAT, investigation, training and supervision capabilities

• *Nanotechnology* - described as technology of the future

- heavy investments by countries attempting to retain a competitive advantage - Japan, Germany, France, China
- in R&D phase - but, significant potential to change everything from manufacturing to computing models



- **cyber crime, terrorism and war - technology driven realities**

- attack on information infrastructure - considered by US intelligence community as one of five key security threats - areas of concern include:
 - traditional crimes migrating online - fraud, identity theft, child pornography and exploitation - involving small-time criminals, malcontents and scam artists
 - new crimes - computer intrusions, denial-of-service, worms and viruses - designed to destabilize infrastructure, economy and national security
 - Internet misuse - impacts the development of e-commerce
 - electronic infrastructure threats
 - Web page defacements
 - "hacktivism" - a marriage of hacking and political activism
 - cyber-crime - third FBI priority

- **warfare transformation lead by US - leaner, technologically driven**

- emphasis on technology driven air power and *information-based operations*
- communications advancements - stealth technology, robotics and precision targeting - act as force multipliers - reducing the need for larger land armies
- Iraq - a testament to the philosophy of warfare

Warfare is less and less about pushing men and machines around the battlefield and more and more about pushing electrons and photons.

~ Loren Thompson
Defense Analyst, Lexington Institute



Fast Facts

- Internet Engineering Task Force - 50% of all e-mail is spam - costing an estimated \$8-9B in lost productivity in the US alone
- US Federal Trade Commission (FTC) - noted that 1,000 of the 160,000 US cases of identity theft in 2002 were Internet related
 - Internet identity theft costs victims about \$800 and 175 hours to rectify
- February 2003:
 - computer intruders accessed over 10M Visa, MasterCard and American Express card account numbers from the computer system of a third-party payment company
 - U of Texas database was hacked - more than 55,000 Social Security numbers taken of students, former students and employees
 - credit card fraud scheme using numbers purchased from hackers on the internet accessed \$324,061 in computer equipment from Ingram Micro, Amazon.com and others





- **knowledge economy/society - advancing rapidly**

- characterized by high velocity and complexity of change
- thriving organizations have high rate of innovation
- Canada well positioned - strong technical infrastructure and environment
- national innovation agenda to support advancement
 - *knowledge* - a strategic national asset - focus on strengthening science and research capacity - contributing to an innovative economy
 - *people* - primary resource in knowledge economy - focus on strengthening skills and learning
- **affecting the Canadian labour market significantly**
 - rising demand for a well-educated and skilled workforce in all parts of the economy and country
 - demographic crunch means future labour supply will be inadequate to meet KBE
 - learning systems integral to meeting labour force demands of the next decades
- **future governance based on electronic services**
 - Internet-based service delivery in Canada critical to sustaining pace of quality of life - smart cities and e-cities

Fast Facts

- 1.8 M - jobs created since 1990 for highly educated people
- 1M - jobs lost in last decade for people with only a high school education
- 2004 - more than 70% of all new jobs created in Canada will require post-secondary education
 - only 6% of new jobs held by those who have not finished high school
- 1996 - 61% of science and tech workers employed in the services sector
 - 16% in health and social services
 - 11% in wholesale and retail trade
 - 8% in business services
 - 7% to government services



- **biotechnology - Canada ranks among world leaders - but must increase momentum**
 - global competition intensifying
 - other countries investing heavily in R&D and the development of domestic biotechnology industries
 - **Canada behind in overall R&D spending**
 - ranks 14th among OECD countries
 - 6th among G-7
 - vast majority of Canadian biotech companies are small and medium sized businesses - still at the product development stage
 - **need to increase size of companies and build critical mass - enabling industry to lead on a global level**

Fast Facts: Biotechnology

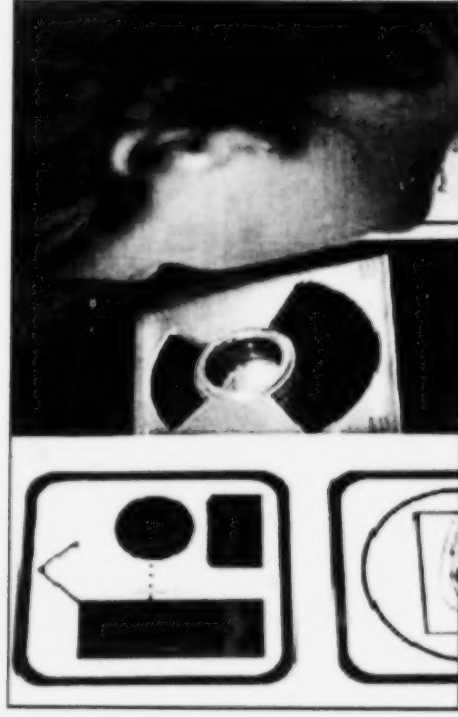
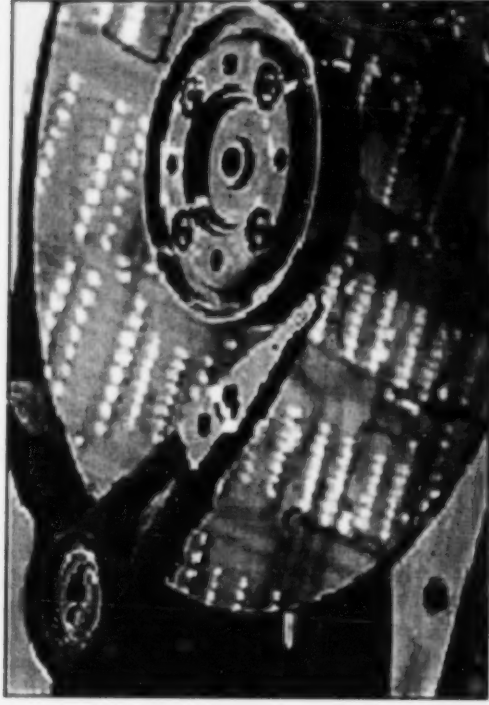
- Canada - over 400 biotechnology companies - revenues exceeding \$1.5 B
 - second in the world - behind the US
- 62,000 Canadians - employed in high quality, knowledge-based jobs and will spend \$1.3 B in biotech R&D this year
- \$3.5 B sector revenues last year - rose from \$813 M in 1997 - 343% increase
 - majority located in Quebec, BC and Ontario
 - focus of work (descending order) - human health, agriculture, food processing and the environment
- Montreal - largest biotechnology specialized research centre in the world
- Saskatoon - one of the world's leading centres for bio-agriculture
- Toronto - medical research output ranks fourth in NA



Fast Facts: Cyber-crime

- 459 - number of on-line assaults on Canadian-operated servers in the first two weeks of March 2003 - rose from 37 for March 2002
- 64% - number of global attacks focused on Canadian and US targets - 21 % on Europe
 - attacks focus on credit card or data piracy, identity theft, and denial of service
- \$24M - total damage to Canadian computer systems in the first two weeks of March
- \$1.75B to \$2.14B US - worldwide damage during first two weeks of March
- few government and military organizations are attacked - on-line tracing capability and security architecture more capable than small to medium enterprises
- protest hacks - originating from Brazil, France, Indonesia, Mexico, Morocco, Romania, Saudi Arabia, Turkey and UK

Source: London-based computer security specialist mi2g





- **technological advancements in security**

- organizations - challenges**

- keeping pace with technology to support evolving policing model
 - magnitude of investment to adversely impact large IT infrastructure modernization
 - prioritization of initiatives based on ability to deliver
 - challenges - determining benefits of modernization initiatives, and benefits of initiatives that improve decision- making or increase integration/functionality
 - building flexible IT infrastructure
 - ensuring compatibility with legacy and new IT systems
 - ensuring all IT solutions meet IM/IT architecture requirements
 - operational processes often larger challenges than the technology itself

- enabling/facilitating interoperability -

organizations with both diverging and overlapping objectives working together effectively

- law enforcement continues to use tried and true investigative and operational tools and techniques with increasing sophistication
- investment and adaptation of new technologies offer new evidence opportunities, and also place demands on agencies for new skills and training

- awareness of technology's pervasive and ubiquitous nature and its advances - accompanied by an emerging sense of the power in information held in relational databanks
- expect increasing resistance to voluntary disclosure of information of all types -
- resistance to demands for agency access - more controls to prevent inappropriate use

Environment

Summary

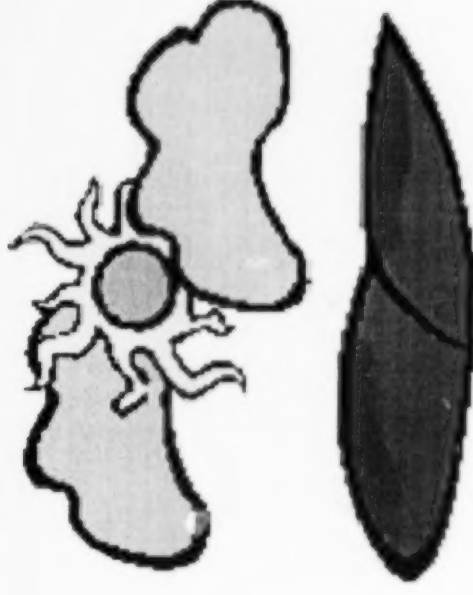
Climate change remains the most serious environmental global issue receiving the attention and focus of international governments.

Key holdouts to the Kyoto Accord remain despite potentially catastrophic consequences predicted by scientists. In addition, important ecosystems and thousands of plant and animal species face extinction.

As reported in 2002, the most serious environmental issues are induced by humans.

In this section

- status and impact of climate change - impact of weather extremes in Canada
- potential energy revolution advancing around *renewables*
- water shortages/disparities - declining global ecosystems - the situation in Canada
- rising global environmental crime





- **climate change - (global warming) continues to dominate**
 - release of total emissions is predicted to rise a further one third by 2020 - despite commitments to reduce green house gases (GHGs)
 - energy use and transportation continue to be main contributors - in both developed and developing countries
 - analysts argue advancements in technology will likely be insufficient to overcome environmental pressures
 - **global governance - primary vehicle to alter trend trajectory**
 - Kyoto Accord must be ratified by countries responsible for 55% of emissions before it enters into force
 - 100 plus countries ratifying account for only 44% of total emissions
 - Russia - 17.4% of the global total - only remaining country that could make the pact binding
 - Canada, Poland and New Zealand ratified in December 2002 - leaving the US - accounting for 25% of global GHGs - and Australia in rejection of multilateral co-operation

Fast Fact

- **30 member countries of the OECD account for**
 - **only 20% of the world's population**
 - **over 80% of global emissions output**
 - **60% of energy consumption**

Environment – Global ...



- ice melts - world's glaciers now shrinking at alarming rate
 - global rate more than doubled since 1988
 - could raise sea levels 27 cm by 2100
 - Greenland Ice Sheet (2002) - greatest surface melt in 24-years of satellite records
 - Arctic sea ice (September 2002) - record low levels since satellite monitoring began in 1978
 - Glacier National Park in Montana - number of glaciers have declined from 150 a century ago to 35



- **severe consequences of shrinking glaciers - in central Asia glaciers are the primary source of fresh water in the summer**
- **thawing glacier beds - result in increase in icefalls and rockslides**
 - threatening villages, damaging roads and railways and destroying power lines



- **renewable energy sources - advancing toward an energy revolution**

- wind power - world's fastest growing power source
 - wind could provide up to 12% of the earth's electricity within two decades
 - Germany, Japan and Spain - use of solar energy and wind power grown by more than 30% annually in the past five years
- Hydrogen - anticipated fuel of the future for powering electric cars
 - EU
 - boosting electricity from renewable sources to 22% of production within next 8 years
 - Norway - first in the world to use tidal currents to generate electricity
 - Iceland
 - undertaking a project to phase out fossil fuels for hydrogen in 20-30 years
 - currently in first phase of five phase project
 - » demonstration project - city buses running on hydrogen in Reykjavik
 - if successful, greenhouse gas emission in the country will drop to less than 50% of the present

- Japan

- photovoltaics - world's leading manufacturer - turn sunlight into electricity

10 years - time to full scale
production of fuel cell cars
on the global market



- **water utilization/sources - underscore global disparities**
 - average person requires between 30 to 50 litres of water/day for drinking, cooking, cleaning
 - Canadian - uses 326 litres/day
 - African - uses 10 litres/day
 - four of ten people live in areas experiencing water shortages
 - by 2025 - 5.5 billion people - as much as two thirds of the world's population
 - lack of access to clean water causing water borne illnesses
 - kills 1.6 million children each year
 - China, India and Indonesia - twice as many people die from diarrhoeal diseases as from HIV/AIDS
 - Iraq - safe drinking water distribution disrupted across the country with life threatening consequences
 - one out of eight children dies before reaching age five - 2.5 times the mortality rate a decade ago
- **World Summit for Sustainable Development (Johannesburg, South Africa 2002)**
 - 280 partnership agreements among national governments, NGO's, UN, and private sector
 - produced *Water for Life* - project providing clean water and sanitation to the poor in Africa and Central Asia
- poorly managed water resources - source of major conflict among water distressed regions
 - addressing water needs - a huge development payoff that reaches beyond health issues
- UN declared 2003 "International Year of Freshwater"



- **world's ecosystems/biodiversity - at risk**

- 11,170 plant/animal species face extinction
 - a third of all coral reefs are expected to vanish in next thirty years
 - 15 million hectares of forest are being razed annually
 - plant species declining rapidly in South/ Central America, Central and West Africa, and Southeast Asia
 - 47% if tropical species included in world's plants threatened with extinction
 - lowland and mountain tropical rainforest - habitats with the highest number of threatened mammals and birds
 - India, Brazil and China - home to the most threatened mammals and birds
 - bird populations around the world plummeting
 - at least 103 species have vanished since 1800
 - as many as 1,200 of the world's 9,800 species face extinction within the century

Scientists believe that the current rate of extinction is between 1,000 and 10,000 times the rate biologists would expect under normal conditions. Extinction is normal in biological systems, but very rare - often as low as one or two species a decade.

~ Alanna Mitchell
Earth Sciences reporter
Globe and Mail, October 8, 2002



- **excess nitrogen in atmosphere**

- excess nitrogen beginning to overwhelm global nitrogen cycle
- arising from increased use of fertilizer, burning of fossil fuels, and upsurge in land clearing and deforestation
- human activities contribute more to the global supply of fixed nitrogen each year than natural processes
 - human-generated - 210 million metric tons per year
 - natural processes - 140 million metric tons per year
- global nitrogen deposition may double in the next 25 years due to intensifying agriculture and energy use
- effects of excess nitrogen :
 - acidifies soil - harming forest growth in the long term
 - smog and acidification of fog
 - reduced ability of plants to process carbon dioxide assimilated from the atmosphere

- **effects reach into every environmental domain - threatening air and water quality and disrupting the health of terrestrial and aquatic ecosystems**
- **will potentially lead to a range of ill effects from reduced soil fertility to eutrophication in lakes, rivers, and coastal estuaries**

Environment – Global ...



- **environmental crime - world's second largest illegal enterprise**

- smugglers, traders and profiteering networks becoming more sophisticated
 - illicit trade in plants and animals
 - second leading cause for the disappearance of endangered species - next to the destruction of natural habitats
 - black market in illegal CFCs has sprung up
 - endangering gains made in cutting down consumption of ozone depleting substances
 - governments increasingly recognize the importance of action
 - customs agencies to play a crucial front-line role in controlling eco-crime





• climate change - extremes of weather

— 2002/03 data

- winter temperatures - 2.2°C above normal - 9th warmest since 1948
- winter extremes
 - Great Lakes/St. Lawrence - driest winter - precipitation rate 38.9% below normal
 - Arctic Mountains/Fjord Region - wettest winter - precipitation rate 99.4% above normal
 - southern Ontario and the Maritimes - temperatures one degree below normal
- extreme weather- far reaching effects
 - BC - unusually dry weather- water in short supply - threatening the salmon run in streams on Vancouver Island
 - Maritime Provinces - battled a series of storms/ flooding - including a hurricane near Sydney, Nova Scotia

➤ increasing cycles of drought and flood may stress freshwater resources, lower rivers and lakes, and make it harder to cultivate crops

➤ increased exposure to malaria, dengue fever and hantavirus in coming years, as climate change favours the northward movement of disease-carrying birds, insects and rodents

Scientists predict a “mega-drought” - dry and dusty conditions that could endure for decades

- 2002 drought - drove down farm income
- crop receipts - dropped to a seven-year low
- Alberta/Saskatchewan - devastating summer drought
- \$3 billion - lost in agriculture revenues



• **Canada ratifies Kyoto Protocol**

- commits to cut emissions of greenhouse gases by up to 30% over 2008 - 2012
 - \$3B allocated to energy conserving retrofits - buildings and alternative energy projects
 - specific Kyoto funding
 - \$250M - Sustainable Development Technology fund - new technology to reduce greenhouse admissions
 - \$50M - climate change research
 - offer Canadians rebates of up to \$1,000 to retrofit their homes
 - Protocol continues to pose a threat to oil sands projects
 - assurances of cost caps do not extend past 2010

Non-Kyoto Spending Over 2 years: (\$M)

- \$175 - clean up contaminated sites
- \$40 - develop regulations to combat air pollution
- \$75 - continue program to test backlog of chemicals for toxicity and establish protections
- \$33 - enact legislation to protect endangered species
- \$17 - international aid - overseas environmental measures to improve health, cities and forestry practices

Fast Facts

- \$5B in 2001 - costs to the western Canadian economy of prairie droughts - Canadian Wheat Board estimated
- \$1B - costs to Ontario in health care and lost productivity per year from smog caused by burning fossil fuels - Ontario Medical Association
- one trillion \$US - financial losses in last 15 years resulting from natural disasters - appear to be doubling every decade - UN Environment Fund reports



- **wildlife areas and bird sanctuaries - “shocking state of disrepair”**
 - vital organs of Canada’s ecosystems
 - over the years these have been neglected and forgotten - starved of funds and scientific research
 - ecological integrity of sites at risk
 - areas are at risk from human activity and lack of funds
 - threats include poaching, boating, the invasion of alien plants, and aquaculture industry
 - **government - Environment Canada - committed to expanding and protecting national parks and conservation areas**
 - increase terrestrial parks to 49
 - establish five new marine conservation areas over the next five years



Fast Facts

- 160 - number of invasive plant and animal species identified in the Great Lakes and St. Lawrence Basin alone
- zebra mussels absorbing PCBs - in Lake St. Clair - detrimental effect on the lake composition - then transferred to waterfowl when eaten





- **water - governments addressing rising concern**

- Ontario legislature - passes 2002 *Safe Drinking Water Act and Sustainable Water and Sewage*

- *Systems Act* - further protect Ontario's drinking water

- first Act of its kind in Canada - forces all operators of water systems to be licensed, laboratories to be tested
- 26% of Canadians rely on groundwater for domestic use - if contaminated, poses difficult cleanup problems
- Feds invests \$10M
 - funding water supply expansion projects in the severest drought-affected areas across the country - particularly Saskatchewan and Alberta

- **Canadians - produce more garbage than any other nation**

- 1.7kg per person each day - ranking above Australia - US which generate 1.6 kg/person/day
- waste management companies disposed of 23 million tonnes of solid waste in 2000 - 11% higher than in 1998
- disposing of waste a costly problem for communities - must find and pay for new landfill sites when old sites reach capacity

➤ in addition to such potential adverse effects as groundwater contamination and other forms of pollution, the increasing volume of garbage represents a waste of the earth's energy and resources

Policing & Security

Summary

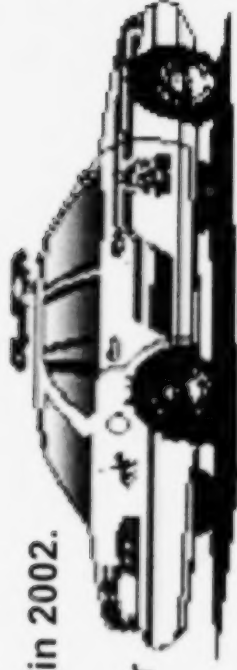
This section updates the evolution of trends identified in 2002.

Three overarching observations have taken shape over the last year and dominate the global policing and security landscape:

1. transformative international security environment - driven by converging global tensions
2. enhanced interconnectivity - between organized crime syndicates and terrorism networks - mirroring multinational enterprises
3. commitment to consensus building and interoperability - pivotal as security community moves from transition stage to strategic action

In this section

- a new world of weapons proliferation - global consensus on control mechanisms break down
- organized crime continues to flourish under the radar as focus remains on terrorism
- law enforcement/security gaps - significant research, knowledge and capacity gaps as process of integration intensifies



Policing & Security – Global



- **transformative international (in)security environment**

- a new world of weapons proliferation - manifested by
 - increased access of non-state actors to WMD - increasing evidence of
 - pooling of resources to gain capabilities
 - emphasis on biological weapons resulting from increased research and information access
 - use of radiological dispersion device ("dirty bomb") more probable
 - deterioration and lack of consensus on international control mechanisms - e.g. Non-Proliferation Treaty and the Anti-Ballistic Missile Treaty
 - nations using WMD to gain politically and economically e.g. North Korea
 - encourages "domino effect" as groups perceive benefits of acquisition
 - pre-emptive strategies and technologies gaining favour
 - US pursuit of ballistic missile defence



The example of new nuclear states that seem able to deter threats from more powerful states, simply by brandishing nuclear weaponry, will resonate deeply among other countries that want to enter the nuclear weapons club.

– George Tenet, Director CIA
February 2003

We face persisting threats from weapons of mass destruction -- actual weapons in the custody of states, and potential weapons in the hands of non-state actors.

We see the continued production, storage, and transportation of materials that can be used in the manufacture of such weapons.

We see a thriving arms trade and continued reports of civilian casualties from the use of conventional arms around the world. And we see the costs such developments are imposing on the social and economic development of virtually all states.

– Jayantha Dhanapala
Under-Secretary-General for Disarmament Affairs, United Nations
April 2003



- tensions and conflicts underpinning global insecurity:
 - struggle around globalization
 - focus on leveraging positive aspects of globalization while restraining the negative affects
 - » increasing capacity for criminals and terrorists to exploit globalization infrastructure (open borders, deregulation, etc.)
 - increasing recognition of unequal distribution of benefits
 - » apprehension arising from growing divide between haves and have-nots
 - anti-globalization undercurrents and unrest continue e.g.:
 - » election of Brazilian President "Lula" de Silva on an anti-globalization platform
 - » continued financial crisis in places like Argentina and Venezuela spurring growing distrust of global markets and purported benefits



Globalization is a multidimensional phenomenon: information technologies, along with a variety of other technologies, are developing rapidly and spreading widely.

Trade is expanding globally, as is the flow of private capital and investment. Interdependencies are growing in all aspects of our lives.

These developments create real possibilities to achieve economic prosperity, spread political freedom, and promote peace. Yet they are also producing powerful forces of social fragmentation, creating critical vulnerabilities, and sowing the seeds of violence and conflict.

RAND 2003

Policing & Security – Global ...



- global demographic impacts
 - world will add one billion people over the next 10-15 years - 95% of that increase in developing nations
 - UN identifies unemployment as particularly problematic in the Middle East and Africa where 50–80% of unemployed are under 25
- infectious disease respects no borders
 - global threat of infectious disease increasing - SARS a current example of how disease spreads at the speed of global travel
 - in second half of the 20th century almost thirty new diseases were identified while antibiotic and drug resistance grew

*As citizens continue to travel, import food and goods globally, engage in promiscuous sex, use illegal intravenous drugs, encroach on new habitats and utilize donated blood, their chances of coming in contact with new or more virulent organisms increases.
The added threat of bioterrorism intensifies the risk...*

RAND 2003

Example - Yemen

- country characterized by small scale tribal fighting and weak governance structures - exemplifies the potential multifaceted dangers associated with global demographics:
 - one half of the population is under the age of 15
 - there are an estimated 80 million firearms in the country - four for every person
 - second largest presence of al Qaeda (after those near the Afghanistan-Pakistan border)

Vulnerability

- potential for al Qaeda to recruit from this young group
- could be a significant contributor to future of terrorism



Policing & Security – Global ...



• global hot spots

- Africa
 - » HIV/AIDS pandemic - deaths projected to peak between 2009 - 2010
 - » corruption rampant - impedes progress toward stabilization
 - » Congo extremely volatile
- Muslim world at a strategic crossroads
 - » attempting to strike a balance between modernization and cultural traditions
 - » young population resulting in significant governance challenges
 - » building resentment towards the US/West - war on Iraq framing new sentiments
 - » pressure from the West to support the war on terrorism - non-compliance may result in sanctions
 - » extremist fringes pose security challenges
- Israel and Palestine playing a zero sum game
 - » continues to be a source of global concern - resolution vital to stabilization in the region
- conflict between India and Pakistan presents significant security concerns for region
 - » tensions remain high along the "line of control" where both areas have substantial military build-up
 - » conflict over Kashmir remains central
- China
 - » desire to create a multi-polar world
 - » continues to remain ambiguous about its role in the international community
- South/Latin America
 - » struggle for stabilization of democracy continues
 - » corruption of public officials, including police impeding progress
 - » rampant organized crime and guerrilla movements

The national security dimension of the [AIDS] virus is plain: it can undermine economic growth, exacerbate social tensions, diminish military preparedness, create huge social welfare costs, and further weaken beleaguered states. And the virus respects no borders.

DCI Worldwide Threat Briefing 2003

Policing & Security – Global ...



- **terrorism – an asymmetric threat**

- changing nature of terrorism

- shift away from a direct state-versus-state threat toward an indistinguishable strategic adversary
 - groups increasingly fluid and adapting quickly to the global changes
 - » some groups loosely defined and organized, self-financed, international networks
 - » others have strong transnational linkages and share military training, funding, technologies
 - adept at exploiting the strengths and legitimate concepts of the developed world
 - » capitalize on benefits of free market economics, democracy, international trade, advancing technology and increasing integration and seamlessness of borders
 - continue to seek refuge in countries where they are able to exploit instability
 - » countries which have permeable borders, weak governance frameworks, weak rule of law, and high poverty and low education levels
 - » such countries can offer extremists a place to function with impunity

Terrorists are adept at using globalization against us - exploiting the freer flow of money, people and technology and using globalization's 'downsides' (demographic and economic imbalances, declining living standards, numbers of unemployed youth, western cultural penetration, corrupt and ineffective governments) to foster an extremist message, and attract recruits and support from among "globalization's losers".

– Thomas Wilson, Director US Defence Intelligence Agency

Policing & Security – Global ...



- shifting tactics reflect terrorists' ability to adapt to change
 - employing fear tactics, terrorists turn their sights to soft targets
 - evidence terrorists are planning multiple "softer" and less protected infrastructure attacks - i.e. banks, shopping malls, supermarkets, apartment buildings, schools/universities, places of recreation/entertainment
 - » fear and potential chaos continue to be significant levers for terrorist groups
 - cyber-terrorism a powerful alternative to traditional attacks
 - may be increasingly sought to inflict massive isolated disruptions on systems
 - a cyber attack could be used as a means to deter authorities from larger, more harmful attacks
 - "counter-operational" and technological measures being sought by terrorists

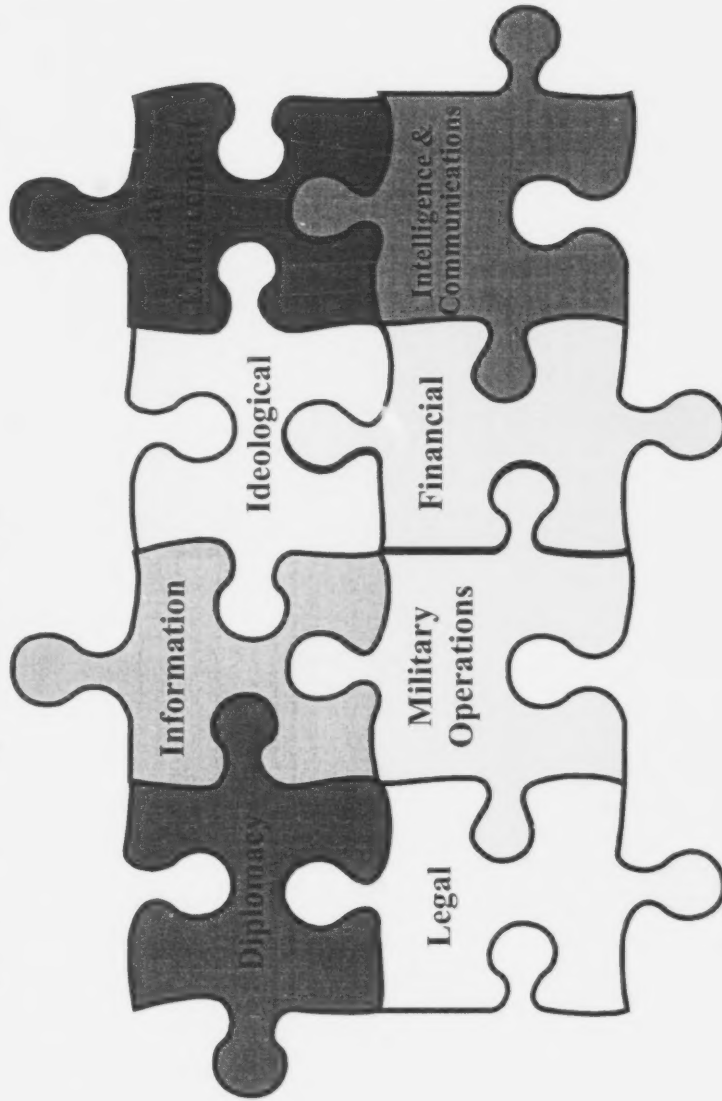
The nature of al qaida has changed ... weakened by the disruption of its finances and communications, with its base destroyed and its leaders in flight, it has become a loose and ever shifting alliance of like minded groups...[however] they remain extremely dangerous because they seem to be both growing and spawning imitations

The Economist, October 2002

counter-access capabilities	• designed to deny access to key theatres, ports, bases and facilities and critical air, land and sea areas
counter-precision engagement capabilities	• designed to diminish intelligence and attack systems • includes global positioning system jammers, use of denial and deception, proliferation of advanced air defense systems, use of high value assets (hospitals, schools, religious facilities)
space and space denial capabilities	• anti-satellite capabilities, electronic warfare or jamming, signal jamming and kinetic or directed energy weapons

Policing & Security – Global ...

- the war on terrorism - shift away from traditional forms requires new integrated strategy



* Ideas adapted from DND Strategic Assessment 2002

To a considerable degree, the war will be won by people sitting in front of computers. They are the key 'soldiers'

Canadian Department of National Defense - Strategic Assessment 2002

Components of the War On Terrorism

Diplomacy - coalitions of the willing or multilateralism, collaboration will be fundamental

Information - disseminated (through media)
- will define support for or against the terrorist cause

Ideological -struggle between the extreme fundamentalism of 'jihad' and Western ideologies

Law Enforcement - front line responders - police investigation, preparation and strategy lead many initiatives

Legal - national and international laws facilitate the process of addressing terrorism

Military Operations - less prominent, military may conduct quick strikes in the future

Intelligence and Communications - sharing intelligence - mastering terrorist communication networks - vital to success
Financial - considered the backbone of terrorist networks – disruption vital



shifting tactics reflect terrorists' ability to adapt to change

- employing fear tactics, terrorists turn their sights to soft targets
 - evidence terrorists are planning multiple softer and less protected infrastructure attacks - i.e. banks, shopping malls, supermarkets, apartment buildings, schools/universities, places of recreation/entertainment
 - » fear and potential chaos continue to be significant levers for terrorist groups
- cyber-terrorism a powerful alternative to traditional attacks
 - may be increasingly sought to inflict massive isolated disruptions on systems
 - a cyber attack could be used as a means to deter authorities from larger, more harmful attacks
- "counter-operational" and technological measures being sought by terrorists

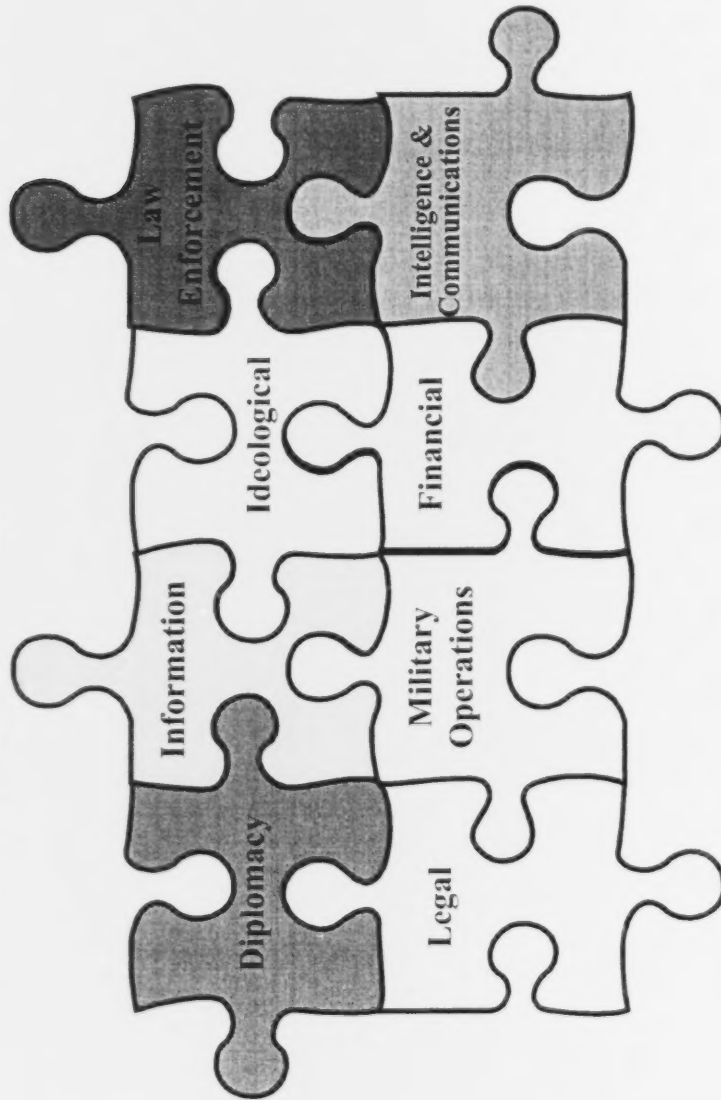
The nature of al qaida has changed ...weakened by the disruption of its finances and communications, with its base destroyed and its leaders in flight, it has become a loose and ever shifting alliance of like minded groups...[however] they remain extremely dangerous because they seem to be both growing and spawning imitations

The Economist, October 2002

counter-access capabilities	• designed to deny access to key theatres, ports, bases and facilities and critical air, land and sea areas
counter-precision engagement capabilities	• designed to diminish intelligence and attack systems • includes global positioning system jammers, use of denial and deception, proliferation of advanced air defense systems, use of high value assets (hospitals, schools, religious facilities)
space and space denial capabilities	• anti-satellite capabilities, electronic warfare or jamming, signal jamming and kinetic or directed energy weapons

Policing & Security – Global ...

- the war on terrorism - shift away from traditional forms requires new integrated strategy



* Ideas adapted from DND Strategic Assessment 2002

To a considerable degree, the war will be won by people sitting in front of computers. They are the key 'soldiers'

Canadian Department of National Defense - Strategic Assessment 2002

Components of the War On Terrorism

Diplomacy - coalitions of the willing or multilateralism, collaboration will be fundamental

Information - disseminated (through media)
- will define support for or against the terrorist cause

Ideological -struggle between the extreme fundamentalism of 'jihad' and Western ideologies

Law Enforcement - front line responders - police investigation, preparation and strategy lead many initiatives

Legal - national and international laws facilitate the process of addressing terrorism

Military Operations - less prominent, military may conduct quick strikes in the future

Intelligence and Communications - sharing intelligence - mastering terrorist communication networks - vital to success

Financial - considered the backbone of terrorist networks – disruption vital



• organized crime - world's fastest growing industry

- profits estimated by the International Monetary Fund to be between one and three trillion dollars
- organized criminals fluid and adapting to “market” conditions
 - fluctuating patterns of criminal activities
 - criminals are opportunists rather than specialists, frequently switching from one crime to another
 - choose activities based on calculated risk and power/profit potential
 - syndicates establishing networks, ensuring:
 - most gain from competitive illegal markets
 - widest power and influence

➤ **law enforcement will have to continue to seek new ways to tackle the increasingly indiscernible nature of illegitimate “business”**

Transnational Crime will be a defining issue of the 21st century for policymakers—as defining as the Cold War was for the 20th Century and Colonialism was for the 19th.

Terrorists and transnational crime groups will proliferate because these crime groups are major beneficiaries of globalization. They take advantage of increased travel, trade, rapid money movements, telecommunications and computer links, and are well positioned for growth.

– Louise Shelley, Director, Transnational Crime and Corruption Center

Organized crime groups are entirely profit motivated. The elements displayed by these criminal organizations often replicate the entrepreneurial skills necessary to succeed in legitimate business with quality, reliability, and trustworthiness required to retain client loyalty. On the illicit side, the enterprise requires secrecy and caution with sophisticated methods of operation.

Generally, the entrepreneurial attitudes, skills and experience are variables that appear to significantly influence the decision and opportunity to enter into organized criminal behaviour.

The Organized Crime Agency of British Columbia

Policing & Security – Global ...



- organized criminals driven by profit and greed - exploiting legitimate means
- continue to establish linkages with otherwise legitimate business, resulting in significant increases in corruption
 - corruption used to avert regulations and to gain access to insider information
- expansion of sophisticated techniques available enable criminals to capitalize on advancing technologies and other resources historically not at their disposal
 - encryption of electronic communications making traditional means of investigation (i.e. lawful access) increasingly irrelevant
 - speed of information on the internet resulting in quick exchanges of information about illegal activities
 - cost of technology not an issue for many groups



➤ money laundering remains a lucrative way to finance organized crime

- IMF estimates the aggregate size of money laundering to be between two and five percent of the world's gross domestic product

Information Operations could be used to target national information systems from anywhere in the world using inexpensive hardware and software. The potential threats to the critical infrastructure from a variety of hostile actors with such tools and techniques include: the destruction of components of the national infrastructure; the exploitation of information; the manipulation of information for political, economic or military purposes; and the destruction of information or infrastructure components.

*Perspectives Paper: "Information Operations",
Canadian Security Intelligence Service, May 2002*





- **emerging crime trends**

- human trafficking - acute threat
 - the flow of trafficked women and children moves from poorer countries or countries in economic, social and political crisis, to richer and more socially and politically stable countries
 - trafficking is difficult to identify due to the level of exploitation, intimidation and violence usually inflicted on its victims
 - a disturbing trend in this area appears to be the forced addiction of trafficked women to hard drugs, such as heroin
 - according to NCIS, Budapest and Bucharest are key nexus points for trafficking
 - research on this issue is lacking in Canada

The use of women as recruiters appears to be on the increase, exploiting the implied greater trust between women.

The women will make a conspicuous display of their wealth, driving a large expensive car, dressing in the latest western fashions and wearing expensive jewellery. This will be portrayed as the benefits of working in the West.

NCIS United Kingdom Threat Assessment 2002

"The scale of worldwide migration is immense, as people escape or are displaced...the push and pull factors influencing migration to the West is unlikely to diminish in the foreseeable future.

Many migrants are unable to make all or part of their journey unaided, especially as countries tighten measures to prevent illegal immigration, and organized criminals exploit this..."

NCIS UK Threat Assessment 2002

Vulnerability:

- strict immigration controls inadvertently provide venue for increased trafficking

The U.S. government currently approximates that 2 million women and children worldwide are trafficked each year into slave-like labor and prostitution by a growing international and domestic trafficking industry that rivals and feeds into drugs and arms trafficking.

Secretary of State Website

Policing & Security – Global ...



- identity theft soaring
 - considered fastest growing financial crime in the US
 - nature of the threat is changing as identity theft is increasingly an “inside” job
 - linked with an increase in corruption within organizations
 - organized crime groups offering large financial incentives to obtain information
 - January 2003, officials uncovered largest ID theft scheme in U.S. history with 30,000 victims, costing \$2.7 million
 - » employee sold access codes used to check consumer credit to criminals
- identity fraud underpins most organized crime
 - e.g. illegal immigration, drugs trafficking, money laundering, vehicle theft, and frauds against the public and private sector

There is a shift by identity thieves from going after single individuals to going after mass amounts of information.

~ Joanna Crane, Identity Fraud Program Manager
Federal Trade Commission

Fast Fact

The Canadian Council of Better Business estimates that identity theft costs \$2.5 billion a year to consumers, banks, credit card firms and other businesses.

Vulnerability

Given the shift toward identity theft occurring internally in organizations; identity security is inextricably linked to organizational security and ethics.

- a recent study by NCIS indicates the dire need for more research about identity fraud activities - how they are created or obtained, identities of specialists, role of corrupt officials, and how criminal groups use the internet to facilitate these activities



• emerging crime trends

- human trafficking - acute threat
 - the flow of trafficked women and children moves from poorer countries or countries in economic, social and political crisis, to richer and more socially and politically stable countries
 - trafficking is difficult to identify due to the level of exploitation, intimidation and violence usually inflicted on its victims
 - a disturbing trend in this area appears to be the forced addiction of trafficked women to hard drugs, such as heroin
 - according to NCIS, Budapest and Bucharest are key nexus points for trafficking
 - research on this issue is lacking in Canada

The use of women as recruiters appears to be on the increase, exploiting the implied greater trust between women.

The women will make a conspicuous display of their wealth, driving a large expensive car, dressing in the latest western fashions and wearing expensive jewellery. This will be portrayed as the benefits of working in the West.

NCIS United Kingdom Threat Assessment 2002

"The scale of worldwide migration is immense, as people escape or are displaced...the push and pull factors influencing migration to the West is unlikely to diminish in the foreseeable future.

Many migrants are unable to make all or part of their journey unaided, especially as countries tighten measures to prevent illegal immigration, and organized criminals exploit this..."

NCIS UK Threat Assessment 2002

Vulnerability:

- strict immigration controls inadvertently provide venue for increased trafficking

The U.S. government currently approximates that 2 million women and children worldwide are trafficked each year into slave-like labor and prostitution by a growing international and domestic trafficking industry that rivals and feeds into drugs and arms trafficking.

Secretary of State Website

Policing & Security – Global ...



- identity theft soaring
 - considered fastest growing financial crime in the US
 - nature of the threat is changing as identity theft is increasingly an “inside” job
 - linked with an increase in corruption within organizations
 - organized crime groups offering large financial incentives to obtain information
 - January 2003, officials uncovered largest ID theft scheme in U.S. history with 30,000 victims, costing \$2.7 million
 - » employee sold access codes used to check consumer credit to criminals
- identity fraud underpins most organized crime
 - e.g. illegal immigration, drugs trafficking, money laundering, vehicle theft, and frauds against the public and private sector

There is a shift by identity thieves from going after single individuals to going after mass amounts of information.

– Joanna Crane, Identity Fraud Program Manager
Federal Trade Commission

Fast Fact

The Canadian Council of Better Business estimates that identity theft costs \$2.5 billion a year to consumers, banks, credit card firms and other businesses.

Vulnerability

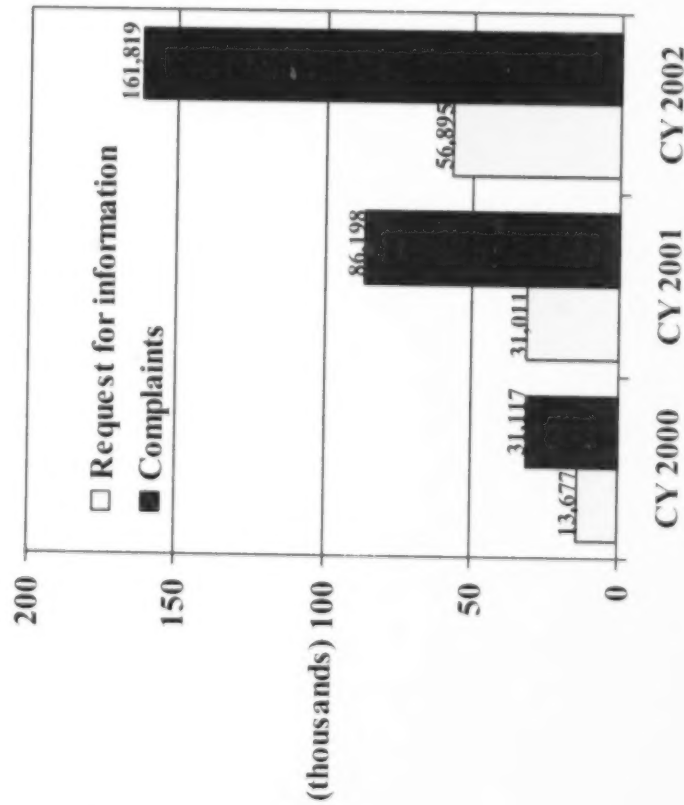
Given the shift toward identity theft occurring internally in organizations; identity security is inextricably linked to organizational security and ethics.

➤ a recent study by NCIS indicates the dire need for more research about identity fraud activities - how they are created or obtained, identities of specialists, role of corrupt officials, and how criminal groups use the internet to facilitate these activities



- in the US alone, reported identity theft has increased 162% from 2000-02
 - consumers reported fraud related losses of more than \$343M in 2002

Total Identity Theft Records by Calendar Year (US)



* Graph from Consumer Sentinel – US Government

Countering identity theft with Biometrics

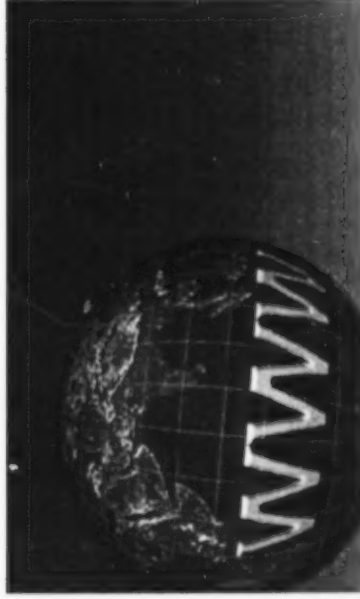
- voiceprint technology - may lead to widespread corporate use of biometrics in Australia
 - voice verification technology being assessed by banks/other organisations as an alternative to PINs
 - technology highly secure as each voice box is unique, in the same way as DNA
- US governments - testing biometric authentication techniques
 - agencies in several US states have installed fingerprinting devices
 - at least one state offers its residents the option of having their fingerprints scanned when they apply for their driver's licences

Policing & Security – Global ...



- cyber crime - “a massive electronic Achilles’ Heel”
 - international data chief research officer John Gantz predicts that 2003 will see a major cyber-terrorism event - impacting the Internet and the economy
 - governments, business and citizens increasingly experiencing violations
 - the FBI and Computer Security Institute ‘Computer Crime and Security Survey’ 2002 found 90% of respondents detected computer security breaches within the last twelve months
 - » 80% acknowledged financial losses due to computer breaches
 - » primarily large corporations and government agencies affected
 - between 1997 - 2001, technological crimes in Canada increased over 250%
 - many corporations unwilling to admit the level of illegal and unauthorized activity occurring in cyberspace
 - experts claim incidents are widespread, costly and commonplace

➤ **experts suggest law enforcement has and will continue to lag far behind criminals in regard to online crime**



Fast Fact

A report by Defcom in the UK found that fear of damage to corporate image has prevented more than two-thirds of organizations from reporting attacks on their computer systems

Vulnerability:

Law enforcement may not know the magnitude of cyber crime and thus may not be expending appropriate resources on addressing the issue

Policing & Security – Global ...



- extensive list cyber crime vulnerabilities identified
 - difficult to trace because hackers are becoming more skilled and can use both legitimate and illegitimate technology to remain anonymous
 - » e-mail is increasingly used to send anonymous blanket messages to thousands of potential victims
 - US facing a shortage of skilled workers to protect critical infrastructure
 - vulnerability could increase as societies move to universal computing environments
- risk management and collaboration between public and private sector and prevention together are seen as the major weapons against high tech crime

The risk of high tech crime will only increase as banks, businesses and individuals become more reliant on IT and online transactions, and more and more potentially valuable data is stored on networks.

NCIS UK Threat Assessment 2002

March 2003 – US revealed their *National Strategy to Secure Cyberspace* focusing on five priorities:

- a National Cyberspace Security Response System;
- a National Cyberspace Security Threat and Vulnerability Reduction program;
- a National Cyberspace Security Awareness and Training program;
- securing Governments' Cyberspace
- national security and international cyberspace security cooperation

The US is also currently developing a Global Early Warning Information System (GEWIS) to detect and prevent attacks on its critical information systems



• organized crime and terrorism networks advancing matrix model

- transnational opportunists - networks of organized crime and terrorism mirror mergers in corporate and governance world
 - recognition of mutual benefit of partnerships
 - sharing resources to ensure most efficient means of achieving goals
 - organized crime groups providing al Qaeda with recruits, weapons, false documents, safe-houses and proceeds of crime
 - expert money launderers - criminal enterprises provide new means to finance terrorism
- narco-terrorism re-emerging
 - drugs for weapons schemes increasingly evident
 - Revolutionary Armed Forces of Colombia (FARC) a significant contributor
 - » a wealthy organization, supporting its mission through kidnappings, extortion, bank robberies, and the drug trade
 - » negotiating arms deals with international drug trafficking organizations to support their weapons procurement program

On November 6, 2002 four men were charged in Houston in a \$25 million drugs-for-weapons scheme. That same day, three individuals were indicted in San Diego for conspiring to trade heroin and hashish for anti-aircraft missiles, which they said they intended to sell to al Qaeda forces in Afghanistan

Organized crime, drug trafficking, and terrorist acts are no longer insular, distinct activities that can be contained and eradicated by traditional enforcement. Instead, they are integrated activities which through their very commission have a reverberating impact on national interests.

FBI Investigative Services Division



Policing & Security – Global ...



- **efforts to expand global security progressing - many barriers remain**
 - moving from acknowledgement of transnational threats to strategic global action hinders progress
 - international disagreement on various global security issues
 - interoperability challenged by years of declining defense and security budgets
 - Europe/Canada pre 09/11 movement from a security agenda resulted in substantial technology gaps
 - many question the ability to maintain pace with the US
 - US pressing allies to carry some of the burden of global security
 - Canada - February 2002 - committed \$1.6 billion in few defense spending
 - France - outlined a plan for \$87 billion in military spending between 2003-2008
 - **skill shortages limit potential to advance global strategies**
 - technology related skill shortages escalating

➤ policy analysts with global perspectives will be assets in addressing the internationalization of domestic agendas

What is missing is agreement on how seriously to view the various transnational threats, other than terrorism and WMD proliferation.

Therefore, governments are not pursuing serious strategies to prevent these dangers from materializing. Agreement is also lacking on how to use international assistance funds to promote economic growth and democracy. Impressive goals are promulgated and significant resources pledged, but no specific implementing strategies exist.

Achieving agreement in all these areas is further impeded by the division of responsibility in most governments between those responsible for security (and responding to potential transnational threats) and those responsible for international economics (and seizing globalization's opportunities).

RAND 2003

Policing & Security – Global ...



- corruption “casts dark shadow over governance and security efforts”
 - considered by the World Bank to be the most influential obstacle to social and economic development
 - many countries continue to struggle with the impacts of corruption on their rule of law, governance and stability efforts
 - police corruption remains a major contributor to instability in many parts of the developing world
 - according to Mexico’s Minister for Public Security, police corruption is endemic there
 - developed countries are not immune to corruption
 - accounting scandals and political patronage and favouritism remain major themes in Canada and the United States
 - widespread police corruption a significant concern in Australia

Governments around the world commit to fighting corruption

- United Nations introduced a global convention against corruption expected to be in its final form December 2003
- October 2002, Interpol’s 179 member-states invited to adopt ‘Global Standards to Combat Corruption in Police Forces and Services’
- 2002 President Bush launched the Millennium Challenge Account, offering billions of dollars to countries committed to anti-corruption programs and good governance

Corruption is theft from a nation. It robs citizens of their potential and aspirations for a brighter future: a better education, better healthcare, and better access to housing, food and water, and other subsistence needs.

It destabilizes rule of law and market-based institutions that underpin democracy. It also fuels transnational crimes and threatens our collective security.

US Department of the Secretary of State

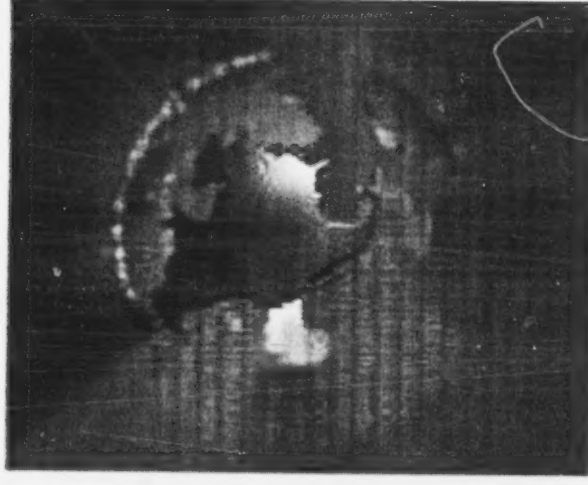
Policing & Security – Global ...



- global intelligence in flux
 - politicization of intelligence resulting from intensity of political environment
 - intelligence analysts in the United States and Europe reportedly feel pressure to take a harder line on intelligence related to particular issues (e.g. Iraq and Afghanistan)
 - previously unthinkable cooperation changing intelligence ties
 - » countries such as Iran, Libya, Sudan and Syria providing information to the West
 - » in exchange for such information, Western countries may be asked to provide strategic intelligence on third countries
 - new coalitions emerging
 - e.g. an informal coalition is ongoing between Israel, Turkey, India, Jordan and Singapore
 - in January 2003, the Philippines, Cambodia, Indonesia, Malaysia and Thailand formed a South East Asian anti-terror committee
 - » other countries in region have expressed interest in joining

➤ **global intelligence challenges**

- **culture of the intelligence and law enforcement community hierarchy - stifled by turf issues and secretive nature of information**
- **inaccessibility of technologies**
- **analysis deficit**
- **capacity issues**
- **cost and time needed to properly train employees**
- **lack of funding**
- **emphasis on urgency of intelligence leaves little time for strategic analysis**
- **incompatible technologies**



Policing & Security – Global ...



- governments seeking new ways to integrate intelligence processes
 - one pilot project to be released in the coming months is the FBI led "Gateway Information Sharing Project" which will allow police to access the FBI information about suspected terrorists and criminals
 - US has established a new *Terrorist Threat Integration Center*
 - » comprised of CIA, FBI, DOD and Homeland Security officials
 - » centre will have access to all terrorist threat intelligence, from raw reports to finished analytic assessments, available to the US government

January 2003, Canada's Department of National Defense proposed a \$65M new "fusion" intelligence center which would:

- process intelligence and surveillance
- fuse information from multiple sources (from high-tech maps to electronic warfare)
- be closely linked to allied sources

US Terrorist Threat Integration Center

- provide comprehensive terrorist threat assessments
- have access to *all* terrorist threat information available
- create a structure to institutionalize sharing of information
- integrate the FBI's counter terrorism Division and the CIA's counter terrorist Centre through relocation of both to the TTIC centre

Adding to the challenge is the expectation that military sensor data is expected to increase a billion-fold in the coming decade...

A whole new approach to the collection, processing and dissemination of this information will be required if useful understanding is to be obtained from this flood of data.

Senior DND report providing rationale for new fusion center

Policing & Security – Global ...



• **policing challenged from three major influences**

from above - a marked shift away from nation-state policing to an international policing capacity

- 9000 civilian police deployed by UN around world
- EU planning 5000 standby police for emergency deployment to other countries
- cooperative police arrangements expanding
- international pressures to standardize laws

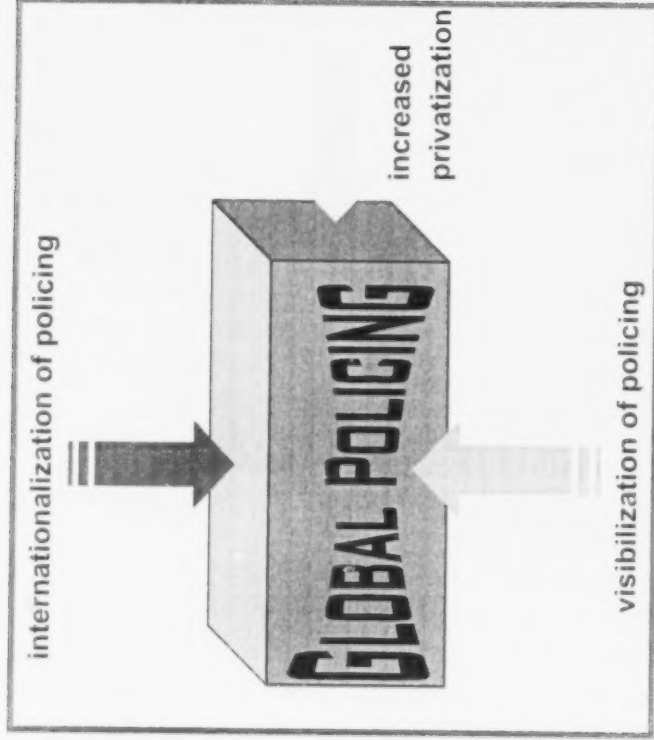
from below - community policing exemplifies the model of policing to mobilize, consult with citizens and act as liaisons

- increased effort to ensure visibility of policing
- policing devolved in many countries to ensure synchronization with communities
- Scotland Yard and London Metropolitan police employ CSOs to be visible on the streets and to conduct various policing tasks

* Adapted from Professor David Bayley, School of Criminal Justice, University of Albany

from the sides - increasing private security - distinction between public and private policing increasingly blurred

- increasing market demand for supplementary security presence
- mass private property being protected by private personnel (malls, condos)
- combination of public/private policing increasingly evident



Policing & Security – Global ...



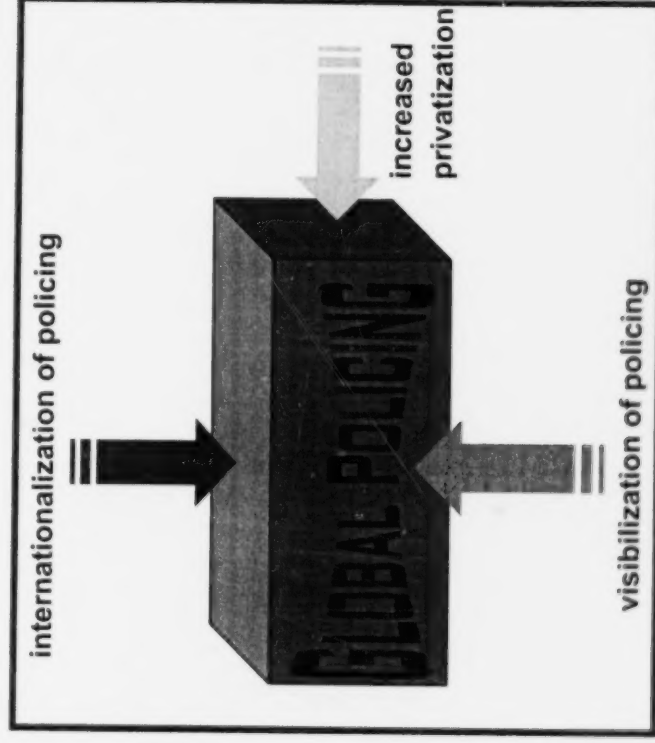
• **policing challenged from three major influences**

- from above - a marked shift away from nation-state policing to an international policing capacity
 - 9000 civilian police deployed by UN around world
 - EU planning 5000 standby police for emergency deployment to other countries
 - cooperative police arrangements expanding
 - international pressures to standardize laws

– from below - community policing exemplifies the model of policing to mobilize, consult with citizens and act as liaisons

- increased effort to ensure visibility of policing
- policing devolved in many countries to ensure synchronization with communities
- Scotland Yard and London Metropolitan police employ CSOs to be visible on the streets and to conduct various policing tasks

- from the sides - increasing private security - distinction between public and private policing increasingly blurred
 - increasing market demand for supplementary security presence
 - mass private property being protected by private personnel (malls, condos)
 - combination of public/private policing increasingly evident



* Adapted from Professor David Bayley, School of Criminal Justice, University of Albany



- **governments pursue significant reform and realignment**

- reform focus on collaboration, integration and accountability

- UK Police Reform 2003-2006

- the *First National Policing Plan* lays the groundwork for three years of modernized police reform
 - some initiatives include:
 - » 5400 police officers have been added in the past two years - 130,000 police 2003, rising to 132,500 in 2004
 - » increase in basic pay to heighten recruitment and retention
 - » by 2004, DNA database will cover all active offenders
 - » a new National Centre for Policing Excellence (NCPE) established Spring 2003
 - » National Intelligence Model to be implemented by all forces by April 2004
 - » new local Criminal Justice Boards to intensify collaboration between all partners in the Justice community
 - » an Independent Police Complaints Commission to be introduced in April 2004

United Kingdom reform - increased police visibility and accessibility - recruitment of 1200 Community Support Officers (CSOs) - hundreds of Accredited Community Safety Officers (ACSOs).

These employees will have limited powers to address low level crime and disorder.

By 2005 there will be 4000 CSOs and an additional 22.5 M available to fund ACSOs.

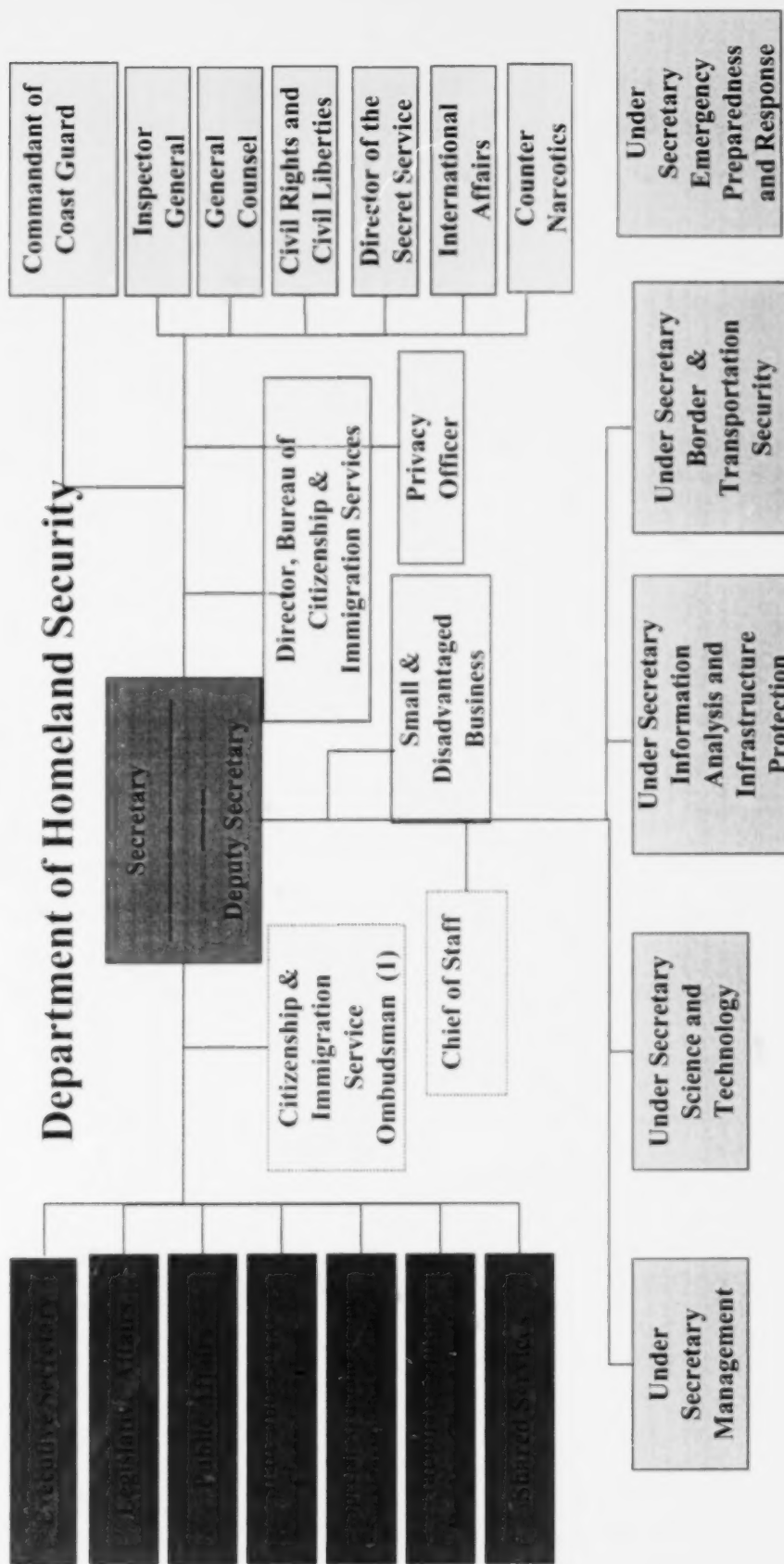
- **from 2000-2001 to 2003 - 2004, police provision in the UK will have risen by nearly 1.8 billion pounds, a cash increase of just over 24%**
- **given drive toward global policing, other policing bodies around world will feel pressure to follow suit**

Policing & Security – Global ...



- US mega department - Homeland Security - combining functions of 22 departments
 - Department experiencing significant growing pains
 - success of organizational objectives - long term goal
 - turf issues continue to plague full cooperation and sharing of information
 - need for increased challenge function

<u>Mandate</u> • to protect the nation against further terrorist attacks • provide a better-coordinated homeland defense
<u>Accountability</u> • Department reports to 14 committees and 70 subcommittees
<u>Budget</u> • FY 2003 Budget directs \$37.7 billion to homeland security, up from \$19.5 billion in 2002 • April 16, 2003 additional \$6.71 million announced to offset costs associated with war in Iraq
<u>Departments merged under five directives</u> Border & Transportation Security - responsible for maintaining the security of our nation's borders and transportation systems Emergency Preparedness Response (EPR) - preparation for terrorist attacks and natural disasters Science and Technology - coordinate the efforts in research and development, including research on full range of terrorist threats involving weapons of mass destruction Information Analysis and Infrastructure Protection - merges the capability to identify and assess a broad range of intelligence information concerning threats under one roof, issues timely warnings, and take appropriate preventive and protective action Management - responsible for budget, management and personnel issues ** The US Coast Guard, Secret Service, Bureau of Citizenship and Immigration are part of the merger as well



Note (1): Effective March 1st, 2003

Policing & Security – Global ...



Note (1): Effective March 1st, 2003

Policing & Security – Canada



• Canadian security transnationalized

- increasing need to collaborate with external partners to ensure domestic security, security landscape driven by
 - Canada's declining weight in international relations
 - the desire to assert and maintain Canadian sovereignty
 - the desire to seek multilateral solutions to global issues
 - our relationship with the United States
- pressure to stay the course in enhancing domestic and global security
 - the US is looking to allies to carry some of the burden
 - Canadian commitment to global security focusing on reconstruction and peace building
 - » committed 1500 troops to Afghanistan
 - » \$100 million to humanitarian efforts in Iraq
 - » 1275 Canadian Forces personnel are in the Gulf region



Canada's contribution to post war reconstruction of Iraq places strong emphasis on police and security assistance

Law enforcement and police forces in Canada are increasingly being asked to contribute to international policing efforts

With the globalization of interdependence, domestic security has become transnationalized. Canada's security perimeter now extends to every visa office, seaport and international airport, whether Heathrow, Charles de Gaulle, Frankfurt or Tokyo, from which dangerous weapons can be shipped or potential terrorists can arrive, presenting themselves as immigrants...or innocent looking tourists with dollars to spend on sight seeing in the Rockies.

– Stephen Clarkson, Uncle Sam and Us: One Year later, Canadian Issues, September 2002

Policing & Security – Canada ...



- geo-political balance - high priority on Canadian security agenda
 - striking a balance between sovereignty and bilateral relations with US remains a prominent issue
 - commitment to UN and multilateralism remains strong
 - pressure to adopt a security agenda mirroring United States testing relations
- government pursues dialogue on Canada's Foreign Policy
 - DFAIT invites all Canadians to participate in national dialogue on future priorities and directions
 - » attempting to frame Canada's strategic agenda by choosing global priorities
 - » June 2003 - Minister of Foreign Affairs Bill Graham will report results



We will continue to explore ways to improve our cooperation in order to assure continental security and free movement of legitimate goods and people across the border - but we will do so only in ways that we believe will enhance our sovereignty and uphold our core values and interests.

- Honourable Bill Graham
Canada's Foreign Affairs
Canadian Issues Magazine, September 2002

In the absence of significant economic power and military might, most countries are the image they project abroad. In today's information-saturated world, a nation's image and reputation play a large part in projecting its international influence... Given our history and size, the world expects Canada to contribute responsibly to the cooperative management of increasingly complex international relations.

- Gaston Laverту Deputy Minister DFAIT, CCMD February 2003

Policing & Security – Canada ...



- **terrorism - threat remains - tactics more advanced**
 - groups seeking alternative ways to infiltrate and exploit Western societies
 - access to technology key to success of attacks in a heightened security environment
 - groups tap into less protected infrastructure to gain access to various technologies
 - » US has recently reinstated the Student and Exchange Visitor Information System (SEVIS) to track and monitor foreign students
 - **borders, air cargo, ports and railways exploitable by terrorists and criminals**
 - inconsistent security measures may expose vulnerabilities in less protected areas
 - level of traffic makes detections more complicated
 - 2.5 million containers pass through Canada's marine ports a year
 - 3,700 large cargo and passenger ships dock in Canadian ports and nearly 3.5 million cargo containers pass through ports annually
 - Canada/US governments accelerate collaboration
 - Canadian Government will spend US \$112.6M over the next five years to boost security at its 250 ports
 - US Transportation Security Administration now focusing on highways, railways, ports and pipeline

➤ **observers assert that the cumulative impact of ongoing initiatives at various Ports of Entry (e.g. Smart Border, IBETS) need to be re-assessed**

- to determine the potential for displacement of terrorist activities to less protected areas

There is now a risk that terrorists seeking WMD proliferation may dispatch students or researchers to enrol in university programs or to joining research institutions in countries like Canada in order to gain dual-use technologies and weapons-related experience.

~ Martin Rudner
Director Canadian Centre of Intelligence and Security Studies



- **organized crime benefiting from global focus on terrorism**

- rising competition and further internationalization driving aggressive expansion efforts
 - groups showing no sign of folding under pressures of globalization
 - adjusting well to changing domestic and global environments
 - syndicates using various tactics to gain edge
 - recruitment of youth a focus
 - use of violence in order to shield operations from public scrutiny
 - intimidation of government, judicial officials and law-abiding citizens
 - » use of sophisticated counter-intelligence techniques to identify officials and their families
- **rate of auto theft increasingly a problem**
 - more than 470 automobiles are stolen in Canada everyday, costing \$1B annually
 - functioning as a front for more serious organized crime
 - generates large profits for groups who use money to fund further crime

➤ **car theft is increasingly the gateway into organized crime activities for youth**

Several high-profile cases of intimidation against victims of crime, witnesses and law enforcement across the country demonstrate the extent to which the gang will attempt to protect its members from law enforcement.

CISC Annual Report 2002

Asian Based Organized Crime groups continue to associate with other organized crime groups, nationally and internationally, and to expand their association with youth and street gangs.

Members of street and youth gangs are typically used as a labour pool for their criminal activities, security and as a source of recruits.

CISC Annual Report 2002

Policing & Security – Canada ...



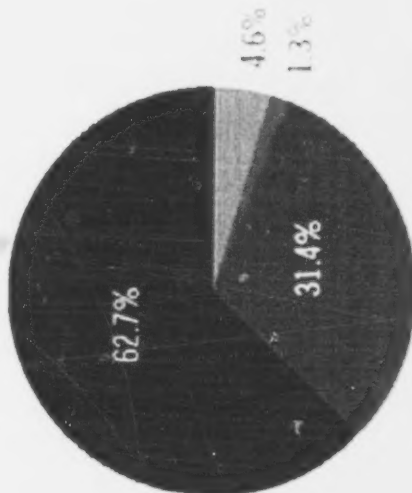
- OC groups adept at using technology
 - access/expertise crucial in success of many criminal activities
 - illegal hacking activity in Canada widely reported
 - continues to increase annually
- money laundering underpins criminal activities
 - difficult to gauge impact
 - the Organized Crime Agency of British Columbia estimates costs to Canada to be between five and seventeen billion dollars a year
 - criminals take advantage of legal and illegal means
 - exploit unassuming business
 - benefit from corruption in commerce world

Criminal activities and the laundering of their illicit profits would not be possible in Canada without the use of legitimate services and the tacit or indirect cooperation of some legitimate individuals involved in the daily commerce of this country.

It is recognized that in most cases, these cooperating players are unaware of the criminality of their business associates. However, there are others who may be cognizant or suspect such criminality but are either victims of coercion, unconcerned or recipients of largesse.

CISC Annual Report 2002

Suspicious Transaction Reports submitted by Sector



- Financial Entities
(Banks, Credit Unions, Trust and Loan Companies)
- Foreign Exchange, MSBs and Canada Post
- Securities Dealers
- Other (Casinos, Life Insurance and Professionals)

* FINTRAC Canada report to the Auditor General April 2003

Policing & Security—Canada ...



• law enforcement challenges

- identity theft significant threat to personal security
 - identity theft on the rise in Canada
 - March 2003, police broke up large identity-theft ring in Edmonton
 - seized boxes of confidential bank and business records
 - » information included names, addresses, phone numbers, bank account numbers and balances, credit card numbers, and social insurance numbers
- Canadian government considering the costs and benefits of a national ID card
 - UK considering a similar “national entitlement card”

I propose we examine the pros and cons of a national identity card... Governments, individuals and corporations are all witnesses of increases in identity fraud that pose threats to privacy, financial security and the integrity of publicly funded services.

— Canadian Minister of Citizenship and Immigration, Denis Coderre, Standing Committee on Citizenship and Immigration, February 2003

Identity Theft Complaints Canada 2002		
Provinces	Victims	\$ Losses
Ontario	3831	5 436 654
British Columbia	995	906 286
Alberta	597	590 235
Manitoba	190	165 953
Saskatchewan	104	54 747
New Brunswick	124	113 797
Nova Scotia	177	138 932
Newfoundland	44	24 855
Prince Edward Island	16	2183
Northwest Territories	2	0
Quebec	1480	1 115 697
Yukon	2	0
Nunavut	1	1100
Totals	7629	8 550 444

* Data in chart from Phone Busters Canada



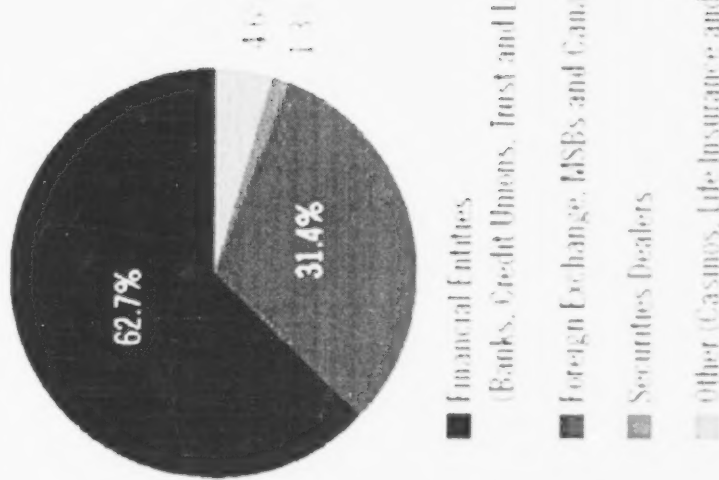
- OC groups adept at using technology
 - access/expertise crucial in success of many criminal activities
 - illegal hacking activity in Canada widely reported
 - continues to increase annually
- money laundering underpins criminal activities
 - difficult to gauge impact
 - the Organized Crime Agency of British Columbia estimates costs to Canada to be between five and seventeen billion dollars a year
 - criminals take advantage of legal and illegal means
 - exploit unassuming business
 - benefit from corruption in commerce world

Criminal activities and the laundering of their illicit profits would not be possible in Canada without the use of legitimate services and the tacit or indirect cooperation of some legitimate individuals involved in the daily commerce of this country.

It is recognized that in most cases, these cooperating players are unaware of the criminality of their business associates. However, there are others who may be cognizant or suspect such criminality but are either victims of coercion, unconcerned or recipients of largesse.

CISC Annual Report 2002

Suspicious Transaction Reports submitted by Sector



* FINTRAC Canada report to the Auditor General April 2003



• law enforcement challenges

- identity theft significant threat to personal security
 - identity theft on the rise in Canada
 - March 2003, police broke up large identity-theft ring in Edmonton
 - seized boxes of confidential bank and business records
 - » information included names, addresses, phone numbers, bank account numbers and balances, credit card numbers, and social insurance numbers
 - Canadian government considering the costs and benefits of a national ID card
 - UK considering a similar "national entitlement card"

I propose we examine the pros and cons of a national identity card... Governments, individuals and corporations are all witnesses of increases in identity fraud that pose threats to privacy, financial security and the integrity of publicly funded services.

— Canadian Minister of Citizenship and Immigration, Denis Coderre, Standing Committee on Citizenship and Immigration, February 2003

Identity Theft Complaints Canada 2002			
Provinces	Victims	\$ Losses	
Ontario	3831	5 436 654	
British Columbia	995	906 286	
Alberta	597	590 235	
Manitoba	190	165 953	
Saskatchewan	104	54 747	
New Brunswick	124	113 797	
Nova Scotia	177	138 932	
Newfoundland	44	24 855	
Prince Edward Island	16	2183	
Northwest Territories	2	0	
Quebec	1480	1 115 697	
Yukon	2	0	
Nunavut	1	1100	
Totals	7629	8 550 444	

* Data in chart from Phone Busters Canada

Policing & Security – Canada ...



- the public/private debate - a new era?
- founded upon unique conditions
 - traditional forms of crime are falling, public fear is heightened and the private security is increasing
 - » is there a governance deficit in security that police cannot fill alone?
 - conditions driven by deregulation and privatization and general neo-liberal trends
 - » commodification of many public goods and services, including security
 - » some contend there will eventually be a two-tiered system as those with money purchase more security
- gap between private security and public police is widening
 - private security is the number one protector in America
 - modest estimates are 8 private to every 1 public in the US - some say the ratio may be 15:1
 - in Canada, the ratio is estimated modestly at 3: 1- while some say it may be as high as 8:1

Fast Facts: public/private debate in Canada

- Canadian government is the number one employer of private security in Canada
- in Vancouver, there are over 500 private security guards who protect the downtown business core -sponsored by a \$300 000 grant from the municipal government

US

- private security guard industry is worth \$12 billion annually, with over 11 000 security companies
- 16 States do not require background checks for unarmed security guards, 22 states do not have mandated licensing and 29 states do not require training

Policing & Security – Canada ...



- accountability issues remain at the heart of this debate
 - many contend that policing and law enforcement are governed by a social contract and private security is driven by competition and other market forces
 - » private security not guided by social good
- gaps identified in recent dialogue
 - lack of data in Canada or US
 - not on the political radar yet
 - little or no regulation of private security personnel
 - » lack of uniformity in training, regulation, accreditation
 - » currently only three provinces in Canada have regulations on private security (BC, NFLD and Sask)

- **challenge for law enforcement**
 - more research and analysis is required to fully understand the implications of this trend on Canadian law enforcement

Fast Fact

British Columbia is considering the introduction of a “The Security Personnel Act” this year. It proposes to provide more accountability, regulation and training for security personnel in that province.

The mandates of police and private security are very different. Police are part of government and are responsible to it. They are expected to act in the public interest and are given special powers.

Private security personnel are hired by companies or individuals to act on their behalf and in their private interests.

The growing use of private security may reflect a perceived or actual lack of police capacity to deal with crime in the workplace and with street-level property crime.

*Auditor General of Canada
Report on Criminal Justice 2002*

Policing & Security – Canada ...



- intelligence function dependant on allies - Canada experiences deficits
 - capacity issues top challenge
 - recruitment drive occurring, however training analysts very significant time investment
 - » training analysts for CSIS - a five year investment
 - » in the interim the intelligence community must prioritize, some issues may fall through the cracks
 - outdated technologies will cause further integration problems
 - difficult to merge networks and programs due to incompatibilities
 - gaps hinder the opportunity to gain an edge on many forms of criminal and terrorist activity



Indeed, Canadian dependence on its American intelligence connection will likely grow even more acute apropos some of the most technically sophisticated technologies, such as satellite imagery.

~ Martin Rudner, Canadian Centre for Security and Intelligence Studies

- **Canada will require an improved independent analytical capacity**
 - a crucial function in formulating independent national decisions on security and policy

Policing & Security – Canada ...



- considerable research gaps
- problems in Canadian collection of crime data
 - 2002 report by Canadian Centre for Justice Statistics on organized crime data highlights many issues, e.g.
 - » availability and quality of data
 - » resources linked to data collection inadequate
 - » human resource capacity issues
 - little or no data on several emerging crime trends
 - human smuggling and trafficking (particularly women and children)
 - identity theft
 - cyber crime

Fast Facts

- increasing pressures for investment in knowledge and research
- Auditor General (2002 Report) identified several issues related to criminal justice data, including:
 - information on organized crime is scarce
 - no detailed statistics on crime data
 - no data available on crimes investigated by private security personnel
 - limited information on the extent to which Canadians perceive that they have been victims of criminal behaviour

Quantifying organized criminal activity presents a great challenge. Factors impeding a precise statistical assessment of organized crime are diverse.

A combination of factors ranging from the lack of standard definitions and guidelines, the under-reporting of organized crime, the current design of intelligence databases and security of the information sought, all place challenges on efforts to quantify organized crime.

Organized Crime in Canada: An Investigation into the Feasibility of Collecting Police-level Data 2002, Canadian Centre for Justice Statistics

Policing & Security – Canada ...



- proposed decriminalization of marijuana
 - government expected to propose legislation - an overall National Drug Strategy
 - United States expressed significant concern
 - marijuana from Canada has been the fastest growing by volume and value in the US
- regionalization of police forces across country
 - cities are moving towards a regional framework for many of the services they provide to citizens
 - creating partnerships among jurisdictions
 - share capacity and streamline service
 - » primary focus is effective service delivery - not cost saving

- **decriminalization of marijuana will require strong commitment and coordination by the law enforcement community**
 - particularly around the Canada/ US border

History suggests that smuggling increases whenever US and Canadian domestic policies on addictive substances differ - with Canadian rum runners undermining Prohibition in the U.S. during the 1920s and organized crime groups smuggling cigarettes into Canada undercutting an excise tax meant to discourage smoking in the 1990s.

Canadian marijuana decriminalization could prompt (the) US to increase vehicle inspections, reversing progress made in expediting border traffic since September 11, 2001.

- Christopher Sands, Center for Strategic and International Studies, January 2003

Communities policed by the RCMP will increasingly look at all options to provide a service that leverages all available resources. This may include an expansion of independent police operations, or may present opportunities for RCMP to offer a regional service.

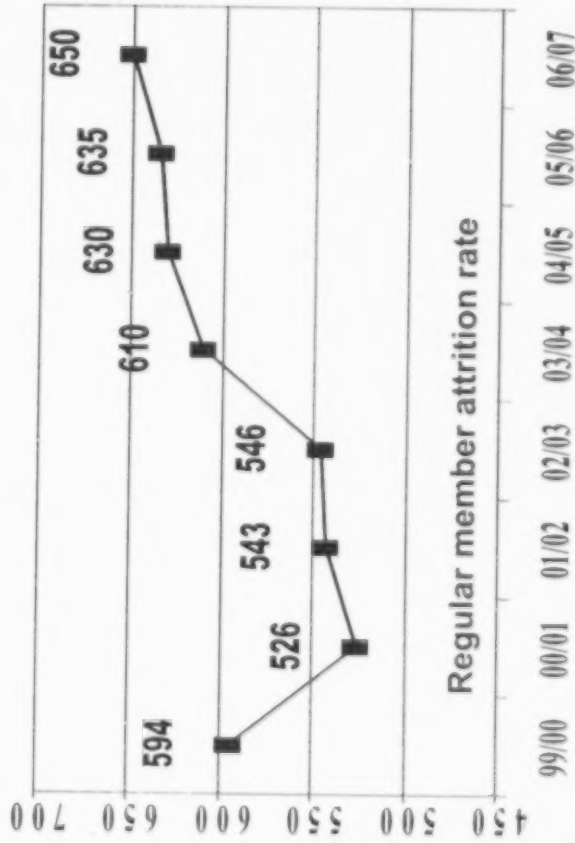
The RCMP may also be asked to provide a blended service (e.g. Halifax - one service - two providers) Various service models are possible, and one size does not fit all.

Community and Contract Policing Services, RCMP, 2003

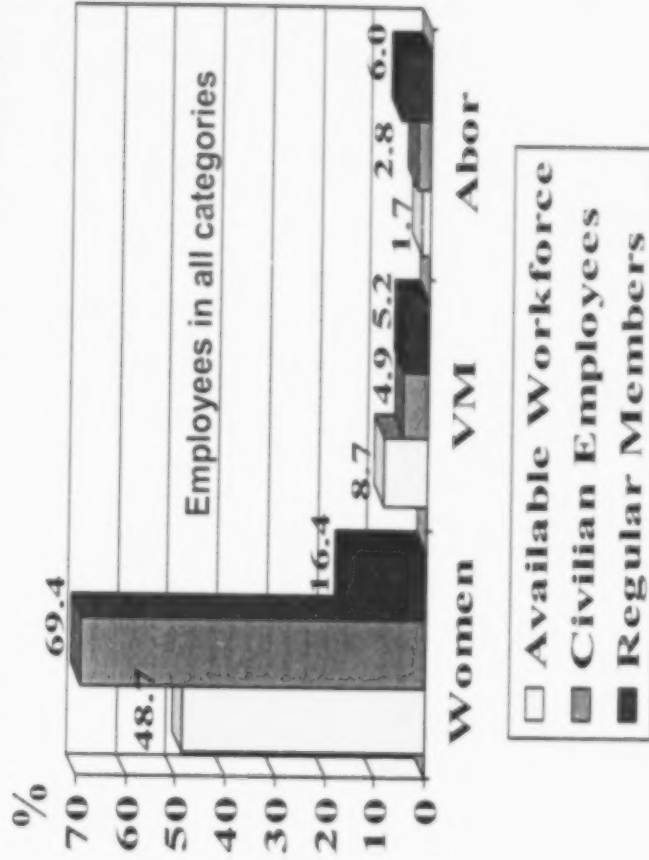
Policing & Security - Canada ...



- recruitment, retention, attrition challenges

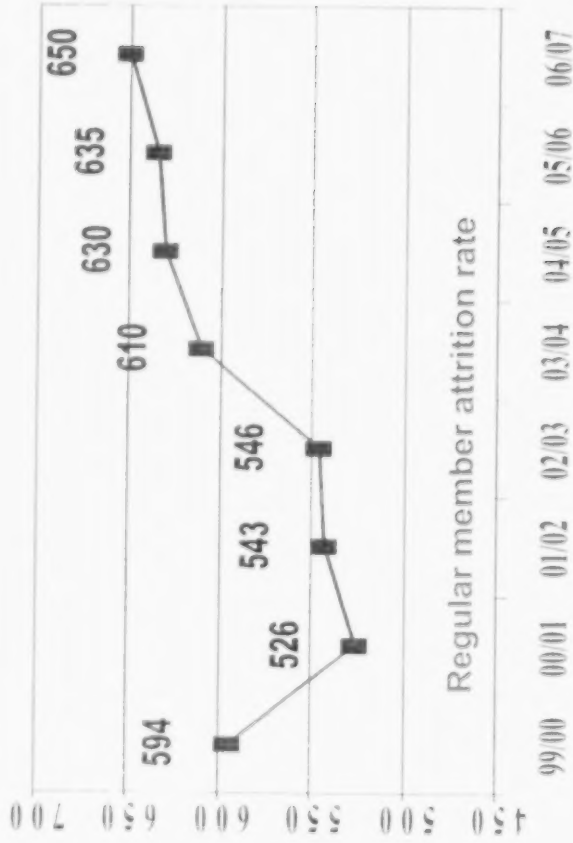


- representation of minority groups

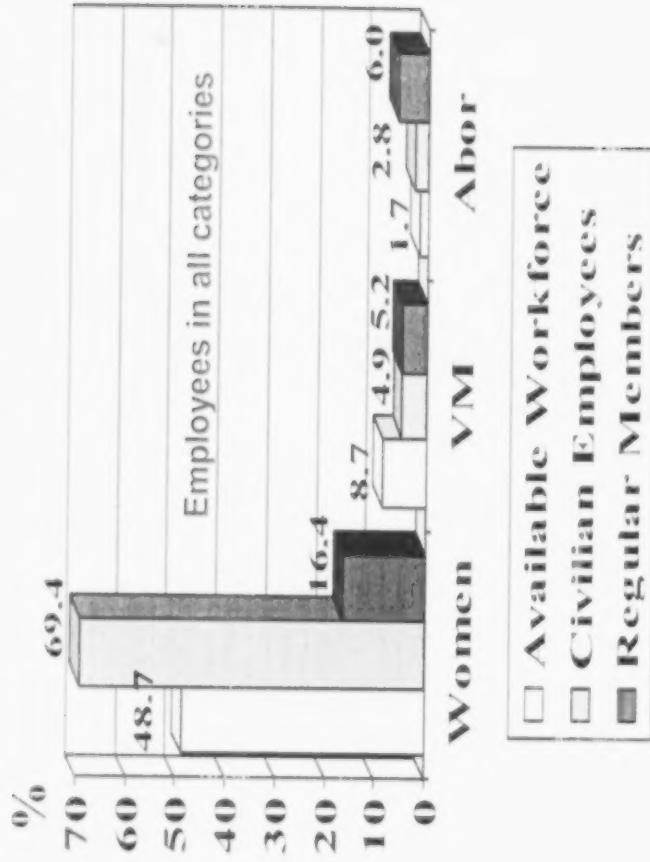




• recruitment, retention, attrition challenges



• representation of minority groups

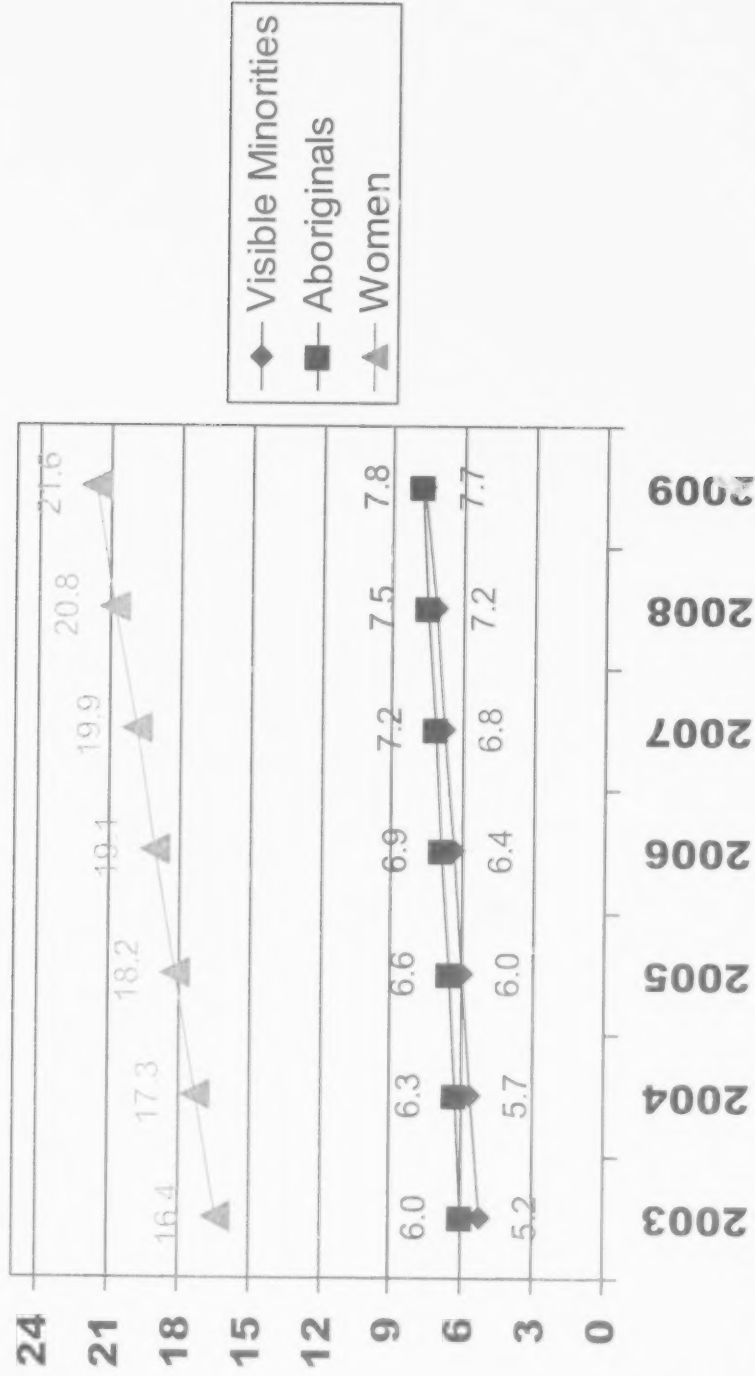


Policing & Security – Canada ...



• RCMP enhancing diversity - project increases

- objectives
 - visible minorities - 10% of new recruits
 - Aboriginals - 10% of new recruits
 - women - 25% of new recruits



Appendix A - Legislative Overview



• **Bill C-7 - First Nations Governance Act**

- Indian and Northern Affairs Minister Robert Nault introduces legislation respecting leadership selection, administration and accountability of Indian bands
 - changes to the *Indian Act* include the removal of election provisions and the replacement of law-making powers
- replaces Bill C-61 which died on the order paper
- referred to the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources

• **Bill C-17 - Public Safety Act**

- legislation proposed by Transport Minister David Collenette
- C-17 retains the key principles of former Bill C-55 and includes some changes:
 - removes controlled access military zone provisions to achieve a better balance between the public interest and legitimate security needs of Canadian Forces
 - removes the provision allowing RCMP officers access to passenger information for the primary purpose of identifying individuals with a warrant for their arrest
 - amendments to the Immigration and Refugee Protection Act to support data sharing
- legislative committee struck to examine the Bill

Appendix A - Legislative Overview ...



- **Bill C-32 proposes amendments to Criminal Code**
 - the Department of Justice introduced a package of amendments to update criminal law
 - new offences with significant penalties for setting traps for a criminal purpose
 - amendments to the *Criminal Code* allowing the use of Intrusion Detection Systems
 - provision ensuring full effect of the *Tokyo Convention On Offences and Certain Other Acts Committed on Board Aircraft*
 - referred to the Standing Committee on Justice and Human Rights
- **C-33 amends *Transfer of Offenders Act***
 - Solicitor General Wayne Easter introduces legislation allowing Canadians convicted abroad to serve sentences at home
 - Canadians convicted in jurisdictions such as Hong Kong and Macao would return to Canada to serve foreign sentences
 - foreign nationals from such jurisdictions would be able to serve sentences in their home countries
 - currently being debated in the House of Commons

Appendix A - Legislative Overview ...



- **new Citizenship Bill Tabled - C-18**

- Immigration and Citizenship Minister Denis Coderre introduces legislation updating the

Citizenship Act

- new oath of citizenship including a direct expression of loyalty to Canada
- requirement for permanent residents to be present in Canada for three out six years to apply for citizenship
- full judicial process for citizenship revocation
- Order-in-Council to refuse citizenship where a person disregards Canadian values
- referred to the Standing Committee on Citizenship and Immigration

- **Bill C-23 - Sex Offender Information Registration Act**

- Solicitor General Wayne Easter introduces legislation that will:
 - establishes a national sex offender database on the Canadian Police Information Centre System
 - assists police in investigating crimes of a sexual nature by providing rapid access to current information on convicted sex offenders
 - requires convicted offenders to register within 15 days of being released from incarceration
- referred to the Standing Committee on Justice and Human Rights

Appendix B – Acronyms



AFP - Australian Federal Police	DFAIT - Department of Foreign Affairs and International Trade
ACLU - American Civil Liberties Union	DNA - Deoxyribonucleic Acid
ABM - Anti- Ballistic Missile	DND - Department of National Defense
AIDS - Acquired Immune Deficiency Syndrome	DOJ - Department of Justice
CBRN - Chemical, Biological, Radiological and Nuclear	ESDP - European Security and Defense Policy/Police
CBC - Canadian Broadcasting Corporation	EU - European Union
CBOC - Conference Board of Canada	FBI - Federal Bureau of Investigation
CIA - Central Intelligence Agency	FTC - Federal Trade Commission
CCMD - Canadian Centre for Management Development	FTAA - Free Trade Area of the Americas
CFC - Chloroflourocarbons	GDP - Gross Domestic Product
CISC - Criminal Intelligence Service Canada	HIV - Human Immunodeficiency Virus
CSI - Computer Security Institute	IAEA - International Atomic Energy Agency
CSIS - Canadian Security Intelligence Service	IBETS - Integrated Border Enforcement Teams
CSR - Corporate Social Responsibility	IFCC - Internet Fraud Complaint Center
DCI - Director of Central Intelligence	ILO - International Labour Organization
DI - Directorate of Intelligence (CIA)	IMF - International Monetary Fund
DIA - Defense Intelligence Agency	INS - Immigration and Naturalization Service
DOD - Department of Defense	INSCOM - Intelligence and Security Command

Appendix B – Acronyms ...



IT - Information Technology	PSC - Public Service Commission
KBSE - Knowledge Based Society and Economy	R&D - Research and Development
KM - Knowledge Management	RCMP - Royal Canadian Mounted Police
NA - North America[n]	SARS - Severe Acute Respiratory Syndrome
NATO - North Atlantic Treaty Organization	S&T - Science and Technology
NDP - New Democratic Party	TTIC - US Terrorist Threat Integration Centre
NAFTA - North American Free Trade Agreement	UK - United Kingdom
NCIS - United Kingdom National Criminal Intelligence Service	UN - United Nations
NEPAD - New Partnership for Africa's Development	UNDCP - United Nations International Drug Control Program
NGO - Non-Governmental Organization	US - United States
NORAD - North American Aerospace Defense Command	WHO - World Health Organization
NRO - National Reconnaissance Office	WMD - Weapons of Mass Destruction
NSA - National Security Agency	WTO - World Trade Organisation
OACP - Ontario Association of Chiefs of Police	
OAS - Organization of American States	
OECD - Organization for Economic Cooperation and Development	
OPEC - Organization of Petroleum Exporting Countries	
PCBs - Polychlorinated biphenyls	

